JZ CAPITAL PARTNERS LIMITED (the "Company" or "JZCP")
(a closed-end investment company incorporated with limited liability under the laws of Guernsey with registered number 48761)

ANNUAL RESULTS FOR THE YEAR ENDED
28 FEBRUARY 2021

LEI: 549300TZCK08Q16HHU44
(Classified Regulated Information, under DTR 6 Annex 1 section 1.1)

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014 WHICH FORMS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("MAR").

19 May 2021

JZ Capital Partners, the London listed fund that has investments in US and European micro-cap companies and US real estate, announces its preliminary results for the year ended 28 February 2021.

Financial Highlights

- NAV per share of $4.25 (FYE 29/02/20: $6.14)
- NAV of $329.5 million (FYE 29/02/20: $475.7 million)

Investment Policy and Liquidity

- Following the Company's losses in its real estate portfolio, the shareholders adopted a new investment policy whereby the Company agreed to make no further investments outside of its existing obligations or to the extent which an investment may be made to support an existing portfolio company.
- The US and European micro-cap portfolios have continued to navigate well through the Covid-19 pandemic, delivering a net increase of 8 and 6 cents per share, respectively. However, lingering uncertainty in the market has delayed realisations.
- To meet this challenge and afford the Company more time to maximise the value of its portfolio and bring these businesses to market, the following has been arranged:
    - The remaining balance of the Company's Senior Debt with Guggenheim was acquired by clients and funds advised and sub-advised by Cohanzick Management, LLC and CrossingBridge Advisors, LLC ("Cohanzick").
    - Subsequently, in a signed amendment, dated 14th May 2021 (post-period end), to the Senior Debt agreement, Cohanzick agreed with the Company that, subject to the satisfaction of certain conditions precedent (including shareholder approval) by 25 June 2021 of the $31.5 million facility with Jay Jordan and David Zalaznick referred to below:
        - the maturity date of the Senior Debt would be deferred by one year until 12 June 2022; and
        - the Company would be permitted to redeem the CULS in full on their maturity date of 30 July 2021 (albeit the CULS are a subordinate security to the Senior Debt).
    - On 14 May 2021 (post-period end), David Zalaznick and Jay Jordan (the "JZAI Founders") signed an agreement to make available to the Company, directly or through their affiliates, a facility of $31.5 million, bearing interest at 6% (the same rate payable on the CULS), and maturing on 11 September 2022, which is subject to shareholder approval.
    - In addition, on 14 May 2021 (post-period end), the JZAI Founders agreed to assume all of the Company's remaining commitments to Orangewood Partners II-A, L.P. (the "Orangewood Fund") in the amount of US$12.35 million, and which is also subject to shareholder approval.

Outlook

- The Board believes that, subject to shareholder approval, the restructuring of JZCP's Senior Debt and liquidity facility agreed with the JZAI Founders will significantly increase the Company's ability to execute its new investment policy.

- However, JZCP's senior debt and the new liquidity facility mature prior to the 1 October 2022 redemption date of the Company's zero dividend preference shares. Unless these instruments are refinanced, extended, or, as realisations permit, paid off, continued uncertainty will exist with regards to their redemption. As a result of JZCP's potential inability to redeem its debt on its stated maturities, the Directors' report accompanying these results disclose a material uncertainty as to the Company's ability to continue as a going concern.

- Several realisations are expected during the coming financial year; however, the Board remains cautious as uncertainties related to Covid-19 are still prevalent in the market, the realisation of assets in the Company's co-investment portfolio is controlled by third parties and certain portfolio investments may require more time to achieve their maximum realisable values.

- That being said, the Board would like shareholders and the market to be aware that it understands conditional agreement subject to closing has been reached in relation to the sale of one of its portfolio companies which would, if its conditions are satisfied, result in the Company receiving consideration of approximately US$40 million and which reflects a premium to carrying asset value.

David Macfarlane, Chairman of JZCP, said: "We continue to remain focused on executing the new Investment Policy, with the intention of realising the maximum value of the Company's investments and, after repaying its debt obligations, returning capital to shareholders.

However, the successful execution of the new Investment Policy remains dependent upon the timing, quantum and ultimate success of future realisations. Further time is needed to maximise the value of these realisations, which contributes to uncertainty regarding the Company's ability to meet its debt maturities. However, the Board firmly believes that the extension of the Company's Senior Debt, the new facility from the JZAI Founders, and the assumption of the Company's remaining commitment to the Orangewood Fund go a long way in buying the time for the Company to maximise the value of its portfolio.

The Board and the Investment Adviser are optimistic that the Company is set to continue on a positive trajectory over the coming year and that its obligations will be repaid in full, with a significant amount of capital ultimately returned to shareholders."

Listing Rule 9.6.11R(3) disclosure:

In accordance with Listing Rule 9.6.11(3), JZCP announces a change to Ms Sharon Parr's director responsibilities, having been appointed as a member of JZCP's Disclosure Team.

Market Abuse Regulation:

The information contained within this announcement is inside information as stipulated under MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain. The person responsible for arranging the release of this announcement on behalf of the Company is David Macfarlane, Chairman.

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About JZ Capital Partners

JZCP has investments in US and European micro-cap companies, as well as real estate properties in the US.

JZCP's Investment Adviser is Jordan/Zalaznick Advisers, Inc. ("JZAI") which was founded by David Zalaznick and Jay Jordan in 1986. JZAI has investment professionals in New York, Chicago, London and Madrid.

In August 2020, the Company's shareholders approved changes to the Company's investment policy. Under the new policy, the Company will make no further investments except in respect of which it has existing obligations and to continue to selectively supporting the existing portfolio. The intention is to realise the maximum value of the Company's investments and, after repayment of all debt, to return capital to shareholders.

JZCP is a Guernsey domiciled closed-ended investment company authorised by the Guernsey Financial Services Commission. JZCP's shares trade on the Specialist Fund Segment of the London Stock Exchange.

For more information please visit www.jzcp.com.

Important Notice:

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, policies and the development of its strategies may differ materially from the impression created by the forward-looking statements contained in this announcement. In addition, even if the investment performance, result of operations, financial condition, liquidity and policies of the Company and development of its strategies, are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. These forward-looking statements speak only as at the date of this announcement. Subject to their legal and regulatory obligations, each of the Company, the Investment Adviser and their respective affiliates expressly disclaims any obligations to update, review or revise any forward-looking statement contained herein whether to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based or as a result of new information, future developments or otherwise.

Chairman's Statement

We present the results of the Company for the financial year ended 28 February 2021, which show that the Company's NAV fell from $4.60 at 31 August 2020 (the half-year end) to $4.25 at 28 February 2021 (as a further comparison, the Company's NAV at 29 February 2020 was $6.14).

As announced in the Interim Results, the reduction in NAV during the first six months of the financial year was mainly due to large losses in the real estate portfolio. The much smaller write-down during the second six-month period of the financial year is primarily attributable to the Company recognizing its last remaining lossesin the real estate portfolio, offset partially by strong performance in certain US and European micro-cap investments.

Investment Policy and Liquidity

Following the Company's losses in its real estate portfolio, the shareholders adopted a new investment policy whereby the Company agreed to make no further investments outside of its existing obligations or to the extent which an investment may be made to support an existing portfolio company. The intention of this policychange was for the Company to realise the maximum value of its investments and, after repaying its debt obligations, to return capital to shareholders.

As of 28 February 2021, the Company's debt obligations are: (i) senior debt ("Senior Debt") of $68.5m(originally due 12 June 2021); (ii) Convertible Unsecured Loan Stock ("CULS") of £38.9m (~$54.1m) due 30 July 2021; and (iii) Zero Dividend Preference Shares ("ZDPs") of £57.6m (~$80.2m) (due 1 October 2022).

While our US and European micro-cap portfolios have continued to navigate well through the COVID-19 pandemic, as we foreshadowed in the Interim Results, lingering uncertainty in the market has delayed realisations. To meet this challenge and afford the Company more time to maximise the value of its portfolioand bring these businesses to market, the following has been arranged:

- The remaining balance of the Company's Senior Debt with Guggenheim was acquired by clients and funds advised and sub-advised by Cohanzick Management, LLC and CrossingBridge Advisors, LLC ("Cohanzick"); and

- Subsequently, in a signed amendment, dated 14 May 2021 and announced to the market on 17 May 2021, to the Senior Debt agreement, Cohanzick agreed with the Company that, subject to the satisfaction of certain conditions precedent (including shareholder approval by 25 June 2021 of the $31.5 million facility with Jay Jordan and David Zalaznick referred to below):

    - the maturity date of the Senior Debt would be deferred by one year until 12 June 2022; and

    - the Company would be permitted to redeem the CULS in full on their maturity date of 30 July 2021 (albeit the CULS are a subordinate security to the Senior Debt).

Although this amendment with Cohanzick comes at an increased interest cost, it is one that the Investment Adviser and Board believe to be compensated by the additional time afforded to maximise the value of the portfolio.

In addition, Jay Jordan and David Zalaznick signed an agreement, dated 14 May 2021 which was also announced to the market on 17 May 2021, to make available to the Company, directly or through their affiliates, a facility of $31.5 million, bearing interest at 6% (the same rate payable on the CULS), and maturing on 11 September 2022. As a related party transaction, this facility will require shareholder approval, following a circular, to be posted to shareholders before no later than early June, setting out the particulars of the transaction. Contemplated within this circular will be another proposal for Jay Jordan and David Zalaznick (or their affiliates) to relieve the Company of its remaining $12.35 million commitment to the Orangewood Fund (approximately $2.99 million of this commitment is “funded” and approximately $9.36 million is “unfunded”).

Further details of these plans were set out in an announcement issued by the Company on 17 May 2021. The Board believes that these plans significantly increase the Company’s ability to execute its new investment policy. However, the Senior Debt and new facility from Jay Jordan and David Zalaznick mature prior to the 1 October 2022 redemption date of the ZDPs. Unless these three instruments are refinanced, extended, or, as realisations permit, paid off, continued uncertainty will exist with regards to their redemption. As a result of the Company’s potential inability to redeem its debt on its stated maturities, the Directors’ report accompanying these results disclose a material uncertainty as to the Company’s ability to continue as a going concern.

US and European Micro-cap Portfolios

Our US and European micro-cap portfolio companies have continued to perform well throughout the COVID-19 pandemic and our expectation remains that no lasting damage will have been done to any of these businesses.

Although certain portfolio investments have been set back temporarily, others, including Felix Storch, have experienced record performance (the Company remains interested in Felix Storch through its Special LP interest in the Secondary Fund). During the second half of the financial year, the Company realised its interest in Eliantus, a build-up of solar power plants in Spain, at a 2.0x gross multiple of invested capital. As previously reported, the Company also partially realised six US micro-cap portfolio assets through the secondary sale in December 2020 and remains invested in the continuing performance of these assets through the Company’s Special LP interest in the Secondary Fund.

Several realisations are expected during the coming financial year; however, the Board remains cautious as uncertainties related to COVID-19 are still prevalent in the market, the realisation of assets in the Company’s co-investment portfolio is controlled by third parties and certain portfolio investments may require more time to achieve their maximum realisable values. That being said, the Board would like shareholders and the market to be aware that it understands conditional agreement subject to closing has been reached in relation to the sale of one of its portfolio companies which would, if its conditions are satisfied, result in the Company receiving consideration of approximately $40 million and which reflects a premium to carrying asset value. The Company will of course make further announcements as required in relation to the status of the transaction.

Real Estate portfolio

The Company’s two remaining real estate assets that have equity value are 247 Bedford Avenue in Brooklyn,New York (where Apple is the principal tenant), and the Esperante office building in West Palm Beach, Florida.

Each asset continues to be held on the Company’s balance sheet at the last appraised value (i.e., as of 31 August 2020), which implies approximate equity value to the Company of $22.5 million in aggregate. The difference from the real estate equity value of $47.4 million on the Company’s balance sheet at 31 August2020 is largely due to the sale of the Greenpoint asset and the full write-down of two other properties.

With regards to Esperante, the Board is pleased to report that post year end the Company closed a joint venture agreement with affiliates of the Related Companies ("Related"); we believe that a partnership with Related will create significant additional value for the Company at Esperante going forward. As part of the joint venture, Related purchased approximately 49.9% of the equity of Esperante while the current ownership (which includes the Company) retained approximately 50.1% of the equity.

Outlook

The successful execution of the new Investment Policy remains dependent upon the timing, quantum and ultimate success of future realisations. As stated above, further time is needed to maximise the value of these realisations, which contributes to uncertainty regarding the Company's ability to meet its impending debt maturities. However, the Board firmly believes that the extension of the Company's Senior Debt, the new facility from Jay Jordan and David Zalaznick, and the relief of the Company's remaining commitment to the Orangewood Fund go a long way in buying the time for the Company to maximise the value of its portfolio. The Board remains optimistic that all the Company's obligations will be repaid in full and that ultimately a significant amount of capital will be returned to shareholders.

David Macfarlane
Chairman
18 May 2021

Investment Adviser's Report

Dear Fellow Shareholders,

We have made substantial progress towards our stated goal of realizing investments to generate cash to paydebt, relieving JZCP of unfunded commitments and supporting our existing portfolio to maximize returns to shareholders. As you will read in the Chairman's Statement, we have amended our credit agreement to extend its maturity in addition to personally extending additional credit to JZCP to enable the Company to repay its CULS on time.

Specifically, we agreed the extension of JZCP's remaining senior debt through June 2022 and agreed to provide a $31.5 million liquidity facility at 6.0% interest to JZCP (i.e., at the same rate as the CULS), subjectto shareholder approval. These transactions will enable JZCP to pay off its CULS in full and on their stated due date, affording us further time to maximize the value of our portfolio as we approach the extended maturity of the balance of our senior debt and the maturity of the ZDPs.

Our US and European micro-cap portfolios continue to perform solidly through COVID-19, and, as previously announced, several of our assets have even outperformed in the current climate, hitting record monthly sales and EBITDA figures.

As discussed in the interim financials, most of our real estate portfolio was in a precarious position pre- COVID-19 and has now been written down to zero. The Company's two remaining real estate assets that have equity value are 247 Bedford Avenue in Brooklyn, New York (where Apple is the principal tenant), andthe Esperante office building in West Palm Beach, Florida. As previously reported, in October 2020, JZCP sold its investment in the Greenpoint property, receiving approximately $13.6 million in sale proceeds.

With regards to Esperante, we are pleased to report that post-period we closed a joint venture agreement with affiliates of the Related Companies ("Related"); we believe that a partnership with Related will create significant additional value for JZCP at Esperante going forward. As part of the joint venture, Related purchased approximately 49.9% of the equity of Esperante while the current ownership (which includes JZCP) retained approximately 50.1% of the equity. We look forward to reporting further on our progress withRelated in the coming months.

As of 28 February 2021, our US micro-cap portfolio consisted of 18 businesses, which includes four 'verticals' and 10 co-investments, across nine industries. Our European micro-cap portfolio consisted of 17 companies across six industries and seven countries.

Net Asset Value ("NAV")

JZCP's NAV per share decreased $1.89, or 30.8%, during the twelve-month period.

NAV per Ordinary share as of 1 March 2020	**$6.14**
Change in NAV due to capital gains and accrued income	
+ US micro-cap	0.08
+ European micro-cap	0.06
- Real estate	(1.60)

Other increases/(decreases) in NAV	
+ Change in CULS fair value	0.02
- Foreign exchange effect	(0.03)
- Finance costs	(0.23)
- Expenses	(0.19)
NAV per Ordinary share as of 28 February 2021	**$4.25**

The US micro-cap portfolio navigated the COVID-19 environment well during the twelve-month period, delivering a net increase of 8 cents per share. This was primarily due to net accrued income of 8 cents, increased earnings at Felix Storch (10 cents, prior to being sold into the Secondary Fund) and co- investments Salter (26 cents) and New Vitality (3 cents). We also received 1 cent of escrow payments during the year.

Offsetting these increases were decreases at Nationwide (5 cents), co-investments Igloo, Suzo Happ and Vitalyst (2 cents, 16 cents and 3 cents, respectively), an aggregate write-down upon the sale of JZCP's interest in three Orangewood assets (K2 II, Taco Bell and George) of 3 cents and the net write down of 11 cents on the sale of six US microcap assets into the Secondary Fund (as previously reported, JZCP experienced a 52 cent write down upon finalizing the secondary sale in December 2020. At 28 February 2021, the assets within the Secondary Fund have been written up, with JZCP's special limited partnership interest increasing in value by 41 cents per share to JZCP).

Our European portfolio also performed well through COVID-19 during the year, posting a net increase of 6 cents, primarily due to net accrued income of 4 cent and net write-ups at European portfolio companies of 2cents.

The real estate portfolio experienced a net decrease of $1.60, due to the write-off of large portions of our Brooklyn portfolio and a significant portion of our Wynwood portfolio. The Company's two remaining real estate assets that have equity value are 247 Bedford Avenue in Brooklyn, New York (where Apple is the principal tenant), and the Esperante office building in West Palm Beach, Florida.

Returns

The chart below summarizes cumulative total shareholder returns and total NAV returns for the most recent six-month, one-year, three-year and five-year periods.

	28.2.2021	**31.8.2020**	**29.2.2020**	**28.2.2018**	**29.2.2016**
Share price (in GBP)	£0.78	£0.89	£2.58	£4.51	£3.97
NAV per share (in USD)	$4.25	$4.60	$6.14	$9.98	$10.15
NAV to market price discount	74.3%	74.1%	46.3%	37.7%	45.5%
		6 month return	**1 year return**	**3 year return**	**5 year return**
Dividends paid (in USD)		-	-	-	$0.305
Total Shareholders' return (GBP)[1]		(12.36%)	(69.77%)	(82.71%)	(79.33%)
Total NAV return per share (USD)[1]		(7.61%)	(30.78%)	(57.41%)	(56.87%)
Adjusted NAV return per share (USD)[1,2]		(7.61%)	(30.78%)	(58.18%)	(57.64%)

[1]*Total returns are cumulative and assume that dividends were reinvested.*
[2]*Adjusted NAV returns reflect the return per share before the subsequent appreciation from the buyback of ordinary shares at a discount .*

Portfolio Summary

Our portfolio is well-diversified by asset type and geography, with 35 US and European micro-cap investments across eleven industries. The European portfolio itself is well-diversified geographically acrossSpain, Italy, Portugal, Luxembourg, Scandinavia and the UK.

Below is a summary of JZCP's assets and liabilities at 28 February 2021 as compared to 29 February 2020. An explanation of the changes in the portfolio follows:

	28.2.2021 US$'000	**29.2.2020 US$'000**
US micro-cap portfolio	299,339	404,880

European micro-cap portfolio	117,781	102,591
Real estate portfolio	23,376	158,712
Other investments	23,147	22,603
Total Private Investments	463,643	688,786
Treasury bills	3,394	3,386
Cash and cash equivalents	59,784	52,912
Total Listed Investments and Cash	63,178	56,298
Other assets	22	119
Total Assets	526,843	745,203
Zero Dividend Preferred shares	74,303	64,510
Convertible Unsecured Loan Stock	52,430	49,886
Loans payable	68,694	150,362
Other liabilities	1,857	4,711
Total Liabilities	197,284	269,469
Total Net Assets	329,559	475,734

US Micro-Cap Portfolio

As you know from previous reports, our US portfolio is grouped into industry 'verticals' and co-investments. As of December 4, 2020, certain of our verticals and co-investments are now grouped under JZHL Secondary Fund, LP ("JZHL" or the "Secondary Fund"). JZCP has a continuing interest in the Secondary Fund through a special limited partnership interest, which entitles JZCP to certain distributions from the Secondary Fund.

Our 'verticals' strategy focuses on consolidating businesses under industry executives who can add value via organic growth and cross company synergies. Our co-investments strategy allows for greater diversification of our portfolio by investing in larger companies alongside well-known private equity groups.

The US micro-cap portfolio navigated the COVID-19 environment well during the twelve-month period, deliveringa net increase of 8 cents per share. This was primarily due to net accrued income of 8 cents, increased earningsat Felix Storch (10 cents, prior to being sold into the Secondary Fund) and co-investments Salter (26 cents) andNew Vitality (3 cents). We also received 1 cent of escrow payments during the year.

Offsetting these increases were decreases at Nationwide (5 cents), co-investments Igloo, Suzo Happ and Vitalyst(2 cents, 16 cents and 3 cents, respectively), an aggregate write-down upon the sale of JZCP's interest in three Orangewood assets (K2 II, Taco Bell and George) of 3 cents and the net write down of 11 cents on the sale of sixUS microcap assets into the Secondary Fund (as previously reported, JZCP experienced a 52 cent write down upon finalizing the secondary sale in December 2020. At 28 February 2021, the assets within the Secondary Fund have been written up, with JZCP's special limited partnership interest increasing in value by 41 cents per share to JZCP).

European Micro-Cap Portfolio

Our European portfolio also performed well through COVID-19 during the year, posting a net increase of 6 cents, primarily due to net accrued income of 4 cent and net write-ups at European portfolio companies of 2 cents.

JZCP invests in the European micro-cap sector through its approximately 18.8% ownership of Fund III. As of 28 February 2021, Fund III held 13 investments: five in Spain, two in Scandinavia, two in Italy, two in the UK and one each in Portugal and Luxembourg. JZCP held direct loans to a further three companies in Spain: Docout, Xacomand Toro Finance.

JZAI has offices in London and Madrid and an outstanding team with over fifteen years of experience investing together in European micro-cap deals.

During the year, JZCP received distributions totaling approximately €8.0 million (approximately $9.4 million) fromthe refinancing and sale of Fund III portfolio company Eliantus (see below).

In April 2020, JZCP received €2.7 million in proceeds from the refinancing of Fund III portfolio company, Eliantus, which issued its second project bond backed by solar power plants in Spain. In September 2020, JZCP receiveda further €5.3 million in proceeds from the sale of Eliantus to Sonnedix, an independent solar power producer which develops, builds, owns and operates solar power plants globally, including in Italy, France, Spain, USA/Puerto Rico, Chile, South Africa and Japan. Including previously distributed proceeds and future escrows/earn-outs, Fund III has realized a gross multiple of invested capital ("MOIC") of approximately 2.0x.

In May 2021 (post year-end), JZCP received approximately $2.3 million in deferred gross proceeds from its sale of Factor Energia in November 2017.

Real estate Portfolio
As discussed in the interim financials, most of our real estate portfolio was in a precarious position pre-COVID-19 and has now been written down to zero. The Company's two remaining real estate assets that have equity value are 247 Bedford Avenue in Brooklyn, New York (where Apple is the principal tenant), and the Esperante office building in West Palm Beach, Florida. As previously reported, in October 2020, JZCP sold its investment in the Greenpoint property, receiving approximately $13.6 million in sale proceeds.

With regards to Esperante, we are pleased to report that post-period we closed a joint venture agreement with affiliates of the Related Companies ("Related"); we believe that a partnership with Related will create significant additional value for JZCP at Esperante going forward. As part of the joint venture, Related purchased approximately 49.9% of the equity of Esperante while the current ownership (which includes JZCP) retained approximately 50.1% of the equity. We look forward to reporting further on our progress with Related in the coming months.

Other investments
Our asset management business in the US, Spruceview Capital Partners, has continued to make encouraging progress since our last report to you. Spruceview addresses the growing demand from corporate pensions, endowments, family offices and foundations for fiduciary management services through an Outsourced Chief Investment Officer ("OCIO") model as well as customized products/solutions per asset class.

During the last fiscal year, Spruceview received a commitment of $124 million, the first tranche of an anticipated total additional commitment of $800 million, for a portfolio of alternative private equity investments for a Mexican trust (or "CERPI"). In addition, the firm launched a third private markets fund, focused on co-investment opportunities in the US, with current commitments of $49 million. The firm also received additional commitments to its second private markets fund, as well as additional contributions to the pension plans to which it provides advisory services.

During the period, Spruceview also maintained a pipeline of potential client opportunities and continued to provide investment management oversight to the pension funds of the Mexican and Canadian subsidiaries of an international packaged foods company, as well as portfolios for family office clients, a European private credit fund-of-funds, and a US middle market private equity fund-of-funds.

As previously reported, Richard Sabo, former Chief Investment Officer of Global Pension and Retirement Plans at JPMorgan and a member of that firm's executive committee, is leading a team of 17 investment, business and product development, legal and operations professionals.

Realisations
Secondary Sale
On December 4, 2020, JZCP closed the sale of its interests in certain US microcap portfolio companies (the "Secondary Sale") to a secondary fund led by Hamilton Lane Advisors, LLC. ("Hamilton Lane"), one of the world's largest asset management firms.

The Secondary Sale marked a significant milestone towards the delivery of the Company's previously announced strategy of realizing value from its investment portfolio and paying down a substantial portion of its senior debt.

The US microcap assets sold as part of the Secondary Sale include JZCP's interests in each of Flex Pack, Flow Controls, Testing Services, Felix Storch, Peaceable and TierPoint (together, the "US Microcap Portfolio Companies"). In return, JZCP received aggregate consideration of: (i) $90 million in cash (less fees and expenses) and (ii) a special limited partner interest in the Secondary Fund. After Hamilton Lane receives a 1.4x preferred return on its invested capital, JZCP's special limited partner interest entitles JZCP to receive (i) 95% of all distributions until receiving an additional $67.6 million in proceeds and (ii) 37.5% of any upside thereafter.

The full potential commitment by the Secondary Investors to the Secondary Fund is $110 million in aggregate. Of this $110 million commitment, $90 million was funded at close in December 2020 to facilitate the Secondary Fund's acquisition of the US Microcap Portfolio Companies from JZCP.

As the balance of the $20 million in remaining committed capital is deployed to execute the respective acquisition strategies of the US Microcap Portfolio Companies, JZCP expects that the value of its special limited partner interest should increase in the near to medium term. As mentioned above, once Hamilton Lane's preferred return of 1.4x is met, 95% of all value (up to $67.6 million in additional proceeds) accrues to JZCP. Thereafter, the Company continues to benefit by sharing in 37.5% of any remaining upside.

K2 II and ABTB (Taco Bell)
In June 2020, JZCP sold its interests in K2 II and ABTB at approximately NAV, receiving approximately $18.6 million in net proceeds.

Orangewood Fund
During the year and post year-end, JZCP was relieved of $11.65 million of its original $24 million commitment to the Orangewood Fund. JZCP received approximately $6.9 million in proceeds from selling down the "funded portion" of this $11.65 million commitment as well as from investor re-allocations from the final close of the Orangewood Fund (the $6.9 million represents a portion of JZCP's funded cost plus 8.0% "cost to carry"). Subject to shareholder approval, JZCP intends to sell down in full its remaining $12.35 million commitment to the Orangewood Fund in the very near term.

CERPI
In August 2020, JZCP received approximately $1.3 million in proceeds from selling its interest in the CERPI, a fund managed by Spruceview. In addition to having received back its approximate cost in the CERPI, JZCP was relieved of up to approximately $7.3 million in unfunded commitments and potential future commitments to the CERPI.

Salter Labs
In September 2020, JZCP received a $4.4 million distribution of refinancing proceeds from Salter.

Eliantus
During the year, JZCP received distributions totaling approximately €8.0 million (approximately $9.4 million) from the refinancing and sale of Fund III portfolio company Eliantus (see below).

In April 2020, JZCP received €2.7 million in proceeds from the refinancing of Fund III portfolio company, Eliantus, which issued its second project bond backed by solar power plants in Spain. In September 2020, JZCP received a further €5.3 million in proceeds from the sale of Eliantus to Sonnedix, an independent solar power producer which develops, builds, owns and operates solar power plants globally, including in Italy, France, Spain, USA/Puerto Rico, Chile, South Africa and Japan. Including previously distributed proceeds and future escrows/earn-outs, Fund III has realized a gross multiple of invested capital ("MOIC") of approximately 2.0x.

Greenpoint
In October 2020, JZCP sold its investment in the Greenpoint property, receiving approximately $13.6 million in sale proceeds.

George Industries
In April 2021, JZCP sold its investment in George, receiving approximately $9.5 million in sale proceeds.

Factor Energia
In May 2021 (post year-end), JZCP received approximately $2.3 million in deferred gross proceeds from its sale of Factor Energia in November 2017.

Outlook
While it has been a challenging year, especially for the real estate portfolio, we believe that JZCP's outlook has improved significantly and will continue to get better over the course of 2021. The US and European microcap portfolios have performed well and our expectation is that they will continue to contribute to NAV growth.

We have restructured JZCP's senior debt to allow for the repayment of the CULS. This was accomplished by extending the maturity of our senior loan by one year and by affiliates of the Investment Adviser making available a $31.5 million credit facility at 6.0% interest (i.e., the same rate as the CULS) to the Company. This facility matures behind the extended senior debt and in front of the ZDPs.

We see significant value to be realized from our US and European microcap portfolios and will continue to selectively invest in these portfolios, in accordance with the new investment policy, to maximize their values. We believe this is the most effective way for us to be able to return significant capital to our ordinary shareholders. We continue to pursue several realizations and look forward to making announcements regarding these potentially significant liquidity events in the near future.

Thank you again for your continued support through a difficult period. We remain dedicated to maximizing valuefor our fellow ordinary shareholders.

Yours faithfully,
Jordan/Zalaznick Advisers, Inc.
18 May 2021

Investment Review

The following investment review focuses on JZCP's largest investments (by value) in the US micro-cap and also provides further analysis of the European micro-cap and real estate portfolios.

US MICRO-CAP

Industrial Service Solutions ("ISS")
Portfolio: US Micro-cap (Vertical)
Date of Initial Investment: June 2011
Website: www.iss-na.com

Cost 28.2.2021	$48.2 million
Valuation 28.2.2021	$95.9 million

The investment strategy for Industrial Service Solutions ("ISS") is to build a uniquely positioned industrial repair, service and manufacturing holding company with multiple value propositions across diversified industries.

ISS provides a broad set of services to critical-to-process equipment. These services include: on-site mechanical and repair, regionally based shop services, quality assurance and quality control inspection, testing, and parts supply, rental and remanufacturing. The company also sells parts and supplies for the products it services.

ISS serves a wide variety of industries, such as pulp and paper; petrochemical; tire and rubber; oil and gas; power generation; cement; metals and mining; water and waste water; and other industrial and commercial markets.

With hundreds of dedicated and skilled technicians, machinists, craftsmen, project leaders and application engineers, ISS has the experience and talent to deliver high-quality work on schedule and on budget. The increasing complexity of equipment in industrial settings, along with fewer maintenance staff at these plants, should encourage growth in ISS' customers' needs. This large and very fragmented industry is well suited for a consolidation strategy.

JZHL Secondary Fund LP
In December 2020, the Company completed the sale its of its interests in certain US microcap portfolio companies (the "Secondary Sale") to a secondary fund led by Hamilton Lane Advisors, L.L.C. ("Hamilton Lane"), one of the world's largest allocators and managers of private markets capital. The Secondary Sale was structured as a sale to a newly formed fund, JZHL Secondary Fund LP (the "Secondary Fund"), managed by an affiliate of JZAI.

The US microcap assets (detailed below) were sold to the Secondary Fund at their agreed valuation. In return, the Company received cash consideration and a special limited partner interest in the Secondary Fund entitling the Company to certain distributions from the Secondary Fund.

The Company's limited partner interest in the Secondary Fund's year-end valuation is $72.2 million and is valued by considering the valuation of the underlying investments and the order of returning capital to investors being:
i) First, 100 per cent. will be distributed to Hamilton Lane and various members of the Fund's management team (the "Other Investors" pro rata in accordance with their respective contributions until each Other Investor has received distributions equal to its total aggregate contributions to the Secondary Fund (amounting in total to US$90 million plusany further contributions made thereafter, expected to be in the aggregate of up to an additional US$20 million);
ii) Second, 100 per cent. to the Other Investors pro rata in accordance with their respective contributions until each other investor has realised the greater of a 15 per cent. net internal rate of return on its total aggregate contributions or an amount equal to 140 per cent. of its total aggregate contributions.
iii) Third, 95 per cent. to the Company (in its capacity as the special limited partner of the Secondary Fund) and 5 per cent. to the Other Investors until the Company has received distributions equal to US$67.6 million; and
iv) Fourth, 62.5 per cent. to the Other Investors (pro rata in accordance with their respective contributions) and 37.5 per cent. to the Company.

JZHL Secondary Fund LP includes investments in the following companies:

ACW Flex Pack, LLC
Flex Pack is a provider of a variety of custom flexible packaging solutions to converters and end-users. Further information can be found at www.flex-pack.com

Felix Storch
Felix Storch is a leading provider of specialty refrigeration and custom appliances to residential small kitchen, professional, life sciences, food service and hospitality markets. Felix Storch is a second generation family business, founded in 1969 and based in The Bronx, NY. Felix Storch's products now include a wide range of major appliances sold both nationally and internationally.

Further information can be found at www.felixstorchinc.com.

Flow Control, LLC
Flow Controls is incorporated in Delaware and is a manufacturer and distributor of high-performance, mission-critical flow handling products and components utilised to connect processing line equipment.

Further information can be found at www.flowcontrolinc.com

Peaceable Street Capital
Peaceable is a specialty finance platform focused on making structured investments in small and mid-sized income producing commercial real estate. The company is built on a foundation of know-how, creatively structuring preferred equity to provide senior equity in complex situations. With extensive investment experience throughout the United States and Canada, Peaceable's underwriting and decision making process is designed to deliver creative, flexible and dependable solutions quickly. Peaceable focuses on a diverse portfolio of property types including multi-family, office, self-storage, industrial, retail, RV parks, mobile home parks, parking health care and hotels.

Further information can be found at www.peaceablestreet.com

Testing Services Holdings
Testing Services is a provider of safety focused solutions for the industrial, environmental and life science related markets, and testing, certification and validation services for cleanroom, critical environments and containment systems.

Further information can be found at www.techholdings.com

Tierpoint
TierPoint is incorporated in Delaware and is a leading provider of information technology and data centre services, including colocation, cloud computing, disaster recovery and managed IT services. TierPoint's hybrid IT solutions help clients increase business agility, drive performance and manage risk. TierPoint operates via a network of 43 datacentres in 20 markets across the United States.

Further information can be found at www.tierpoint.com

JZHL Secondary Fund Valuation As At 28 February 2021:

US Micro-Cap Investments	JZHL Cost[1] $'000s	JZHL Valuation $'000s
ACW Flex Pack	11,205	10,000
Felix Storch	24,500	72,000
Flow Control	15,115	16,679
Peaceable Street Capital	36,541	36,541
Testing Services	23,426	30,000
Tierpoint	46,813	46,813
Total	157,600	212,033
Less interests of Hamilton Lane and other secondary investors		(139,879)
JZCP's interest in the Secondary Fund		72,154

[1]The cost of the JZHL's investments represent the agreed transfer value from JZCP to JZHL.

Deflecto
Portfolio: US Micro-cap (Co-investments)
Sector: Consumer Products
Acquisition Date: July 2018
Website: www.deflecto.com

Cost 28.2.2021	$40.1 million
Valuation 28.2.2021	$39.9 million

Deflecto is a diversified designer, distributor and manufacturer of consumer and commercial products operating across five industry segments. The company's customers include major retailers, wholesalers and OEMs including major big box and online retailers.

Deflecto is the world's largest chair mat, bicycle reflector and dryer venting manufacturer and a global leader in sign and literature holders and office workspace accessories.

Added value is expected from the implementation of business processes to simplify operations and improve profitability. Increased revenues and lower costs are expected by focusing on largest customers and most popular products.

In 2018, Deflecto completed the acquisition of Evriholder Products which is currently run as a standalone operating company. Evriholder has expertise in managing retail relationships, new product introductions and has an international supply chain.

Salter Labs (incorporating SunMed)
Portfolio: US Micro-cap (Co-investments)
Sector: Respiratory medical products
Acquisition Date: October 2010
Website: salterlabs.com, sun-med.com

Cost 28.2.2021	$12.4 million
Valuation 28.2.2021	$37.6 million

Salter Labs (incorporating SunMed) is a manufacturer and distributor of high quality medical devices for use in hospitals and healthcare facilities worldwide. SunMed's products includes airway management, anaesthesia, respiratory, resuscitation/ ventilation, diagnostics, oxygen delivery and surgical care products. In addition to the SunMed brand, Ventlab and Ethox Medical branded products are part of the product range.

The company's headquarters in West Michigan, include a warehouse and distribution center, production space, cleanroom, and administrative offices for over 140 staff. Its overseas facility is their manufacturing hub featuring even greater capacity. The company is rapidly growing with new, innovative products that promote better patient care, and serves the healthcare industry in over 40 countries.

Business Update
During a successful 2020 for Salter Labs, total value of sales increased by approx. 47% from 2019 and adjusted EBITDA by approx. 36%.

EUROPEAN MICRO-CAP

JZCP currently invests in the European micro-cap sector through its 18.75% stake in JZI Fund III, which completed its final fund raising in December 2015. Previously, JZCP's investments were made through EuroMicrocap Fund 2010, L.P. The European investment team has worked together for over ten years and has a proprietary network of intermediaries to deliver micro-cap buy-and-build opportunities throughout the continent.

As at 28 February 2021, JZI Fund III was invested in 13 European micro-cap companies. The portfolio has five investments in Spain, two in Scandinavia, UK and Italy and one each in Portugal and Luxembourg.

Summary of JZCP's investments in JZI Fund III's Investment Portfolio at 28 February 2021

Company	Industry	Cost 28.2.2021 Euro'000	Valuation[1] 28.2.2021 Euro'000	Valuation[1] 28.2.2021 US$'000
S.A.C	S.A.C is an operational van leasing company in Denmark, specialising in providing vans on operational lease contracts to large engineering companies.	3,487	7,536	9,147
Fincontinuo	Fincontinuo is an Italian provider of Cessione del Quinto ("CdQ") personal loans. CDQ loans are salary-backed and are a uniquely low risk market niche.	5,438	8,625	10,469
Collingwood	A niche UK motor insurer with operations in Newcastle and Gibraltar.	3,015	2,912	3,534
myLender	myLender is a Finnish provider of unsecured personal lending products.	4,857	4,500	5,462
Alianzas en Aceros	Alianzas is a specialised steel service centre business in Spain. The company is unique due to its combination of strategic asset acquisitions at a discount, its low cost structure and the management's extensive know-how/industry relationships.	3,938	3,975	4,825
ERSI	ERSI operates within the reinforced steel sector. It provides an integrated solution to contractors, which encompasses the entire value chain of reinforced steel used in concrete structures.	8,492	2,456	2,981
Treee	Comprised of six Italian companies, Treee is a leading business in the treatment and recycling of electronic goods across Italy.	3,159	8,550	10,378
Factor Energia	Factor Energia is a leading independent supplier of electricity in Spain. The company is focused on the highly profitable SME segment.	3,653	10,031	12,176
BlueSites	Fund III has entered into a transaction with an experienced management team to execute a build-up strategy to acquire cell tower land leases in Portugal.	2,485	3,638	4,415
Luxida	Luxida is a build-up in the Spanish last-mile energy distribution sector, presenting the opportunity to acquire high-quality assets with long-term regulated revenues at attractive entry multiples.	2,667	3,938	4,779
Karium	Karium has a buy-and- build strategy of consumer brands in the UK and European personal care sector.	4,321	11,097	13,470
Union Financiera Asturiana	Union Financiera Asturiana ("UFASA") is a leading independent consumer lender in Spain.	3,174	3,720	4,515
Guanche	Guanche is a build-up in the Spanish retail petrol station market.	1,904	1,904	2,311
Other net liabilities				(7,773)
Total valuation of JZI Fund III				80,689

[1]JZCP's 18.75% share of Fund III gross investment valuation.

Fund III realisation - Eliantus Energy

During Q3 2020, Fund III realised its portfolio company, Eliantus, to Sonnedix, a leading independent Solar Power

Producer. The management team managed to acquire enough small individually owned solar power producing plants to create a portfolio of 22 ground mounted solar plants with a combined 74.7 Megawatts.

The Company received realisation proceeds of €8.0 million, which represents a gross multiple on invested capital of approximately 2.0x.

European Micro-Cap Debt Investments
The Company has invested in the debt of European micro-cap companies. The total valuation of these investments at 28 February 2021 are $33.8 million.

REAL ESTATE

JZCP invests in properties through JZCP Realty Fund, a wholly owned subsidiary. At the year-end, JZCP owns two properties with equity value, being:

Bedford Ave, Williamsburg
JZ Realty's first acquisition. A prime retail asset in northern Brooklyn. In 2016, Apple opened its first Brooklyn store occupying the prime corner retail unit.

Esperante, West Palm Beach Florida
Esperante Corporate Center is an iconic building on the downtown West Palm Beach skyline. The building is approximately 85% leased and the intention is to market this property in the near/medium future.

At 28 February 2021, JZCP's real estate portfolio was valued at $23.4 million (29 February 2020: $158.7 million).

	Cost[1]	JZCP Equity %	Property Value[2]	Valuation of JZCP's Equity[3]
	28.2.2021	28.2.2021	28.2.2021	28.2.2021
	US$'000		US$'000	US$'000
Bedford Ave, Williamsburg	17,717	59.0%	42,000	7,241
Esperante, Palm Beach Florida	14,158	59.7%	139,000	16,361
Other net liabilities				(226)
Total valuation of JZ Realty				23,376

[1]Cost represents JZCP Realty's initial investment plus follow-on property additions and development costs.
[2]Year-end valuations are based on property appraisals dated 31 August 2020, rather than the usual 31 December date. The Board, commissioned updated appraisals in order to take into account the effect of COVID-19 whilst releasing the interim results. Subsequent discussions with appraisers indicate there would be no significant change in property values between 31 August 2020 and 28 February 2021.
[3]Third party debt is deducted to arrive at the fair value of JZCP's equity interests.

Investment Portfolio

	28 February 2021		Percentage of Portfolio
	Cost[1]	Value	
	US$'000	US$'000	%

US Micro-cap portfolio

US Micro-cap Fund

JZHL Secondary Fund L.P.[2]

JZHL Secondary Fund L.P. Invested in six companies in the US micro-cap sector: ACW Flex Pack, LLC, Flow Controls Holding, LLC, Testing Services Holdings, LLC[3], Felix Storch Holdings, LLC, Peaceable Street Capital, LLC and TierPoint LLC[3] (See Investment Review for further information)			
Total JZHL Secondary Fund L.P. valuation	40,965	72,154	15.4
US Micro-cap (Vertical)			
Industrial Services Solutions[3]			
INDUSTRIAL SERVICES SOLUTIONS ("ISS") Provider of aftermarket maintenance, repair, and field services for critical process equipment throughout the US			
Total Industrial Services Solutions valuation	48,250	95,889	20.5
US Micro-cap (Co-investments)			
DEFLECTO Deflecto designs, manufactures and sells innovative plastic products to multiple industry segments	40,112	39,934	8.6
GEORGE INDUSTRIES Manufacturer of highly engineered, complex and high tolerance products for the aerospace, transportation, military and other industrial markets	12,179	10,635	2.3
IGLOO[3] Designer, manufacturer and marketer of coolers and outdoor products	6,040	329	0.1
NEW VITALITY[3] Direct-to-consumer provider of nutritional supplements and personal care products	3,354	11,620	2.5
ORANGEWOOD PARTNERS II-A LP Private fund managed by Orangewood Partners currently invested in K2 Towers II and Exer Urgent Care an urgent care operator	6,070	6,070	1.3
ORIZON Manufacturer of high precision machine parts and tools for aerospace and defence industries	3,899	7,000	1.5
SALTER LABS[3] Developer and manufacturer of respiratory medical products and equipment for the homecare, hospital, and sleep disorder markets	12,362	37,640	8.1
SLOAN LED[3] Designer and manufacturer of LED lights and lighting systems	6,030	-	-
VITALYST[3] Provider of outsourced IT support and training services	9,020	6,192	1.3
Total US Micro-cap (Co-investments)	*99,066*	*119,420*	*25.7*
US Micro-cap (Other)			
AVANTE HEALTH SOLUTIONS Provider of new and professionally refurbished healthcare equipment	7,823	10,876	2.3
HEALTHCARE PRODUCTS HOLDINGS Designer and manufacturer of motorised vehicles	17,636	-	-
NATIONWIDE STUDIOS Processor of digital photos for pre-schoolers	26,324	1,000	0.2
Total US Micro-cap (Other)	*51,783*	*11,876*	*2.5*

Total US Micro-cap portfolio	***240,064***	***299,339***	***64.1***
European Micro-cap portfolio			
EUROMICROCAP FUND 2010, L.P. Invested in European Micro-cap entities	169	3,279	0.7
JZI FUND III, L.P. At 28 February 2021, was invested in thirteen companies in the European micro-cap sector: Fincontinuo, S.A.C, Collingwood, My Lender, Alianzas en Aceros, ERSI, Treee, Factor Energia, BlueSites, Luxida, Karium, UFASA and Guanche (See Investment Review for further information)	48,523	80,689	17.3
Total European Micro-cap (measured at Fair Value)	48,692	83,968	*18.0*
Debt Investments			
DOCOUT Provider of digitalisation, document processing and storage services	2,777	4,228	0.9
OMBUDS Provider of personal security, asset protection and facilities management services	17,198	-	-
TORO FINANCE Provides short term receivables finance to the suppliers of major Spanish companies	21,619	26,671	5.7
XACOM Supplier of telecom products and technologies	2,055	2,914	0.6
Debt Investments (classified at amortised cost)	43,649	33,813	*7.2*
Total European Micro-cap portfolio	***92,341***	***117,781***	***25.2***
Real Estate portfolio			
JZCP REALTY[4] Facilitates JZCP's investment in US real estate	109,928	23,376	5.0
Total Real Estate portfolio	***109,928***	***23,376***	***5.0***
Other investments			
BSM ENGENHARIA Brazilian-based provider of supply chain logistics, infrastructure services and equipment rental	6,115	459	0.1
JZ INTERNATIONAL Fund of European LBO investments	-	750	0.2
SPRUCEVIEW CAPITAL Asset management company focusing primarily on managing endowments and pension funds	31,955	21,938	4.7
Total Other investments	***38,070***	***23,147***	***5.0***
Listed investments			
U.S. Treasury Bill - Maturity 7 October 2021	3,393	3,394	0.7
Total Listed investments	***3,393***	***3,394***	***0.7***
Total - portfolio	**483,796**	**467,037**	**100.0**

[1] *Original book cost incurred by JZCP adjusted for subsequent transactions. Other than JZHL Secondary Fund (see foot*

note 2), the book cost represents cash outflows and excludes PIK investments.
[2] *Notional cost of the Company's interest in JZHL Secondary Fund being $40.965 million which is calculated in accordance with IFRS, and represents the fair value of the Company's LP interest on recognition.*
[3] *Co-investment with Fund A, a Related Party (Note 23).*
[4] *JZCP invests in real estate indirectly through its investments in JZCP Realty Ltd. JZCP owns 100% of the shares and voting rights of JZCP Realty, Ltd.*

Board of Directors

David Macfarlane (Chairman)[1]
Mr Macfarlane was appointed to the Board of JZCP in 2008 as Chairman and a non-executive Director. Until2002 he was a Senior Corporate Partner at Ashurst. He was a non-executive director of the Platinum Investment Trust Plc from 2002 until January 2007.

James Jordan
Mr Jordan is a private investor who was appointed to the Board of JZCP in 2008. He is a director of the FirstEagle family of mutual funds, and of Alpha Andromeda Investment Trust Company, S.A. Until 30 June 2005,he was the managing director of Arnhold and S. Bleichroeder Advisers, LLC, a privately owned investment bank and asset management firm; and until 25 July 2013, he was a non-executive director of Leucadia National Corporation. He is an Overseer of the Gennadius Library of the American School of Classical Studies in Athens, and as Director of Pro Natura de Yucatan.

Sharon Parr[2]
Mrs Parr was appointed to the Board of JZCP in June 2018. In 2003 she completed a private equity backedMBO of the trust and fund administration division of Deloitte and Touche, called Walbrook, selling it to Barclays Wealth in 2007. As a Managing Director of Barclays, she ultimately became global head of their trust and fund administration businesses, comprising over 450 staff in 10 countries. She stepped down fromher executive roles in 2011 to focus on other areas and interests but has maintained directorships in severalcompanies. She is a Fellow of the Institute of Chartered Accountants in England and Wales and a memberof the Society of Trust and Estate Practitioners, and is a resident of Guernsey.

Ashley Paxton
Mr Paxton was appointed to the board in August 2020. Ashley has more than 25 years of funds and financial services industry experience, with a demonstrable track record in advising closed-ended London listed boards and their audit committees on IPOs, capital market transactions, audit and other corporate governance matters. Ashley was previously C.I. Head of Advisory for KPMG in the Channel Islands, a position he held from 2008 through to his retirement from the firm in 2019. Ashley is a Fellow of the Instituteof Chartered Accountants in England and Wales and a resident of Guernsey. Amongst other appointments he is Chairman of the Youth Commission for Guernsey & Alderney, a locally based charity whose vision is that all children and young people in the Guernsey Bailiwick are ambitious to reach their full potential.

Tanja Tibaldi
Ms Tibaldi resigned from the Board on 12 August 2020.

[1]Chairman of the nominations committee of which all Directors are members.
[2]Chairman of the audit committee of which all Directors are members.

Report of the Directors

The Directors present their annual report together with the audited financial statements of JZ Capital Partners("JZCP" or the "Company") for the year ended 28 February 2021.

Principal Activities
JZ Capital Partners Limited is a closed-ended investment company with limited liability which was incorporated in Guernseyon 14 April 2008 under the Companies (Guernsey) Law, 1994. The Company is subject to the Companies (Guernsey) Law,2008. The Company's Capital consists of Ordinary shares, Zero Dividend Preference ("ZDP") shares and Convertible Unsecured Loan Stock ("CULS"). The Company's Ordinary shares, ZDP Shares and CULS are traded on the London StockExchange's Specialist Fund Segment.

The Company’s Investment Policy has been to target predominantly private investments, seeking to back exceptional management teams to deliver on attractive investment propositions. In executing its strategy, the Company takes a long term view.

The Company focused on investing in the following areas, and is now focused on supporting these investments:
(a) small or micro-cap buyouts in the form of debt and equity and preferred stock in both the US and Europe; and
(b) US real estate interests.

The Company's shareholders agreed changes to the Company’s investment policy on 12 August 2020. In line with the new investment policy, the Company will make no further investments except in respect of which it has existing obligations or to the extent that investment is required to support existing investments. The intention is to realise the maximum value of its investments and, after repayment of all debt, to return capital to shareholders.

Business Review
The total comprehensive loss attributable to Ordinary shareholders for the year ended 28 February 2021 was $146,175,000 (year ended 29 February 2020: loss of $304,549,000). The net asset value ("NAV") of the Company at the year end was $329,559,000 (29 February 2020: $475,734,000) equal to $4.25 (29 February 2020: $6.14) per Ordinary share. The losses recorded for the years ended 28 February 2021 and 29 February 2020 are predominantly attributable to valuation write downs in the Company's real estate portfolio.

A review of the Company's activities and performance is detailed in the Chairman's Statement and the Investment Adviser's Report. The valuations of the unlisted investments are detailed in Investment Portfolio.

Principal Risks and Uncertainties
The Company's Board believes the principal risks and uncertainties that relate to an investment in JZCP are as follows:

Portfolio Liquidity
The Company invests predominantly in unquoted companies and real estate. Therefore, this potential illiquidity means there can be no assurance investments will be realised at their latest valuation. The Board considers this illiquidity when planning to meet its future obligations, whether committed investments or the repayment of the debt facility or the future repayment of CULS and ZDP shares. On a quarterly basis, the Board reviews a working capital model produced by the Investment Adviser which highlights the Company's projected liquidity and financial commitments.

COVID-19
Whilst reporting its annual results for the year ended 29 February 2020 the Board disclosed in its Going Concern Assessment that the market conditions generated by COVID-19 had resulted in uncertainties that, at that juncture cast significant doubt on the Company’s ability to continue as a going concern and that they were unable to estimate the full extent and duration of the impact on the Company.

The Board are now able to better assess how COVID-19 has impacted the Company’s investment portfolio and to assess the risks and uncertainties that the pandemic still poses. The Board are pleased that the Company’s micro-cap portfolios have generally continued to perform well throughout the year. This encouraging performance in the face of unprecedented circumstances gives the Board confidence in the valuation of the portfolios and the potential for growth and future valuation uplifts. The Real Estate portfolio has seen further significant write downs in value in the year which can be attributed in the main to the challenges retail real estate has faced resulting from the pandemic.

The Board has confidence that the micro-cap portfolios will continue to perform robustly but are mindful that prevailing market conditions may delay the timeframe for realisations.

NAV Factors
(i) Macroeconomic Risks
The Company's performance, and underlying NAV, is influenced by economic factors that affect the demand for products or services supplied by investee companies and the valuation of Real Estate interests held. Economic factors will also influence the Company's ability to invest and realise investments and the level of realised returns. Approximately 25% (29 February 2020: 15%) of the Company's investments are denominated in non-US dollar currencies, primarily the euro. Also, the Company has issued debt denominated in sterling. Fluctuations to these exchange rates will affect the NAV of the Company.

(ii) Underlying Investment Performance
The Company is reliant on the Investment Adviser to support the Company's investment portfolio by executing suitable investment opportunities. The Investment Adviser provides to the Board an explanation of all investment decisions and also quarterly investment reports and valuation proposals of investee companies. The Board reviews investment performance quarterly and investment decisions are checked to ensure they are consistent with the agreed investment strategy.

Share Price Trading at Discount to NAV
JZCP's share price is subject to market sentiment and will also reflect any periods of illiquidity when it may be difficult for shareholders to realise shares without having a negative impact on share price. The Directors review the share price in relation to Net Asset Value on a regular basis and determine whether to take any action to manage the discount. The Directors, with the support of the Investment Adviser, work with brokers to maintain interest in the Company's shares through market contact and research reports.

Gearing and Financing Costs in the Real Estate Portfolio
The cost of servicing debt in the underlying real estate structures may impact the net valuation of the real estate portfolio and subsequently the Company's NAV. Gearing in the underlying real estate structures will increase any losses arising from a downturn in property valuations.

Operational and Personnel
Although the Company has no direct employees, the Company considers what dependence there is on key individuals within the Investment Adviser and service providers that are key to the Company meeting its operational and control requirements.

The Board considers the principal risks and uncertainties above are broadly consistent with those reported at the prior year end, but wish to note the following:

- The Board recognises the Company will have an increased exposure to liquidity risk as future debt obligations near maturity;

- Gearing and the finance costs within the real estate portfolio have become less of a future risk to the Company as the current valuation of $23.4 million (29 February 2020: $158.7 million) now reflects the majority of write downs that could be generated by the gearing structure and costs incurred; and

- The effect of COVID-19 on market conditions means that there are challenges to completing corporate transactions and planned realisations may be delayed. However, the impact of COVID-19 on the valuation of the Company's investment portfolio valuation and the related loan covenants is considered less of a future risk than at this juncture at the prior year end.

Going Concern
A fundamental principle of the preparation of financial statements in accordance with IFRS is the judgement that an entity will continue in existence as a going concern for a period of at least 12 months from signing of the financial statements, which contemplates continuity of operations and the realisation of assets and settlement of liabilities occurring in the ordinary course of business.

Due to the uncertainty that the Company will not have sufficient liquidity to repay its outstanding debt on maturity, including the redemption of its ZDP shares (due 1 October 2022), nor be able to restructure/extend the debt for redemption beyond the going concern period, there is a material uncertainty which casts significant doubt on the ability of the Company to continue as a going concern. However, the Financial Statements for the year ended 28 February 2021 have been prepared on a going concern basis given the Board's assessment set out below and as the Board, with recommendation from the Audit Committee, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In reaching its conclusion, the Board have considered the risks that could impact the Company's liquidity over the period to 1 October 2022. This period, which is longer than the required period of 12 months, has been considered to be relevant due to the repayment date for the Company's ZDP shares being approximately 4 months after the 12-month period.

As part of their assessment the Audit Committee highlighted the following key consideration:

Whether the Company can generate sufficient cash through realisations of its underlying investments to discharge its liabilities over the period to 1 October 2022 or failing to do so can implement an alternative debt restructuring plan that will enable the Company to repay all of its debt obligations, including the redemption of its ZDP shares, over an extended timeframe.

Update on material liabilities due for settlement and post year-end restructure

The Company's material debt obligations and cash and cash equivalents at the year end, prior year end and a forecasted position post the proposed debt restructure (detailed below) are as follows:

	31.7.2021[1]	**28.2.2021**	**29.2.2020**
	$'000	**$'000**	**$'000**
ZDP Shares - maturity date 1 October 2022 - redemption amount of £57.6 million[2]	80,527	80,527	73,569
Loan Notes – maturity date 11 September 2022	31,500	-	-
Senior Debt Facility - extended maturity date 12 June 2022	68,694	-	-
CULS - maturity date 30 July 2021 - redemption amount of £38.9 million	-	54,332	49,637
Senior Debt Facility – current interim maturity date 25 June 2021	-	68,694	150,362
	180,721	203,553	273,568
Cash and cash equivalents held	36,600	63,178	56,298

[1]Forecast cash position assumes no material realisation proceeds received prior to the CULS redemption.
[2]Forecast ZDP maturity Dollar amount translated using the 28.2.2021 year end rate being £1/$1.3981.

During the year ended 28 February 2021, the Company had realisations of investments totalling $139.5 million, this included $87.7 million from the successfully concluded Secondary Sale of interests in certain US microcap portfolio companies. Following these investment realisations, the Company has repaid a total of $82.9 million of the senior debt's outstanding principal amount.

On 23 October 2020, the Company announced that it had agreed with its senior lenders, Guggenheim Partners (the "Original lenders") amended terms of the senior debt facility. Under the terms of those amendments to the senior debt facility, $40 million of the outstanding principal amount was assigned from the original lenders to clients and funds advised by Cohanzick Management, LLC and CrossingBridge Advisors, LLC (the "Replacement lenders"). As part of this transaction, and at an increased interest cost, the Company secured more advantageous covenant terms for itself, including the minimum asset coverage covenant being reset (from not less than 4x to a lower requirement of 3.5x) and a relaxation of rating requirements, removal of certain concentration limits, updates to the use of proceeds requirements pertaining to asset sales to preserve liquidity, and reduced requirements related to its real estate collateral and reporting on investments. On 23 February 2021, the Company then announced that the replacement lenders had acquired the remaining interest in the Company's senior debt facility from the Original Lenders.

Post year end, the Company entered into an amendment agreement with its replacement lenders to amend the terms of its senior debt facility which will, among other things, extend (subject to certain conditions including shareholder approval of the Loan Note proposal referred to below) the maturity date of the senior debt facility by one year until 12 June 2022 and permit JZCP to repay its CULS when they become due on their maturity date of 30 July 2021, notwithstanding that the CULS are subordinated to the senior debt facility.
Post year end, the Company also entered into a note purchase agreement with David W. Zalaznick and John (Jay) Jordan II, the founders and principals of the Company's investment adviser, Jordan/Zalaznick Advisers, Inc. ("JZAI"), pursuant to which they have agreed to purchase directly or through their affiliates, subordinated, second lien loan notes totalling $31.5 million, with an interest rate of 6 per cent. per annum and maturing on 11 September 2022 (the "Loan Notes").

Their purchase of the Loan Notes is subject to a number of conditions, including shareholder approval of both the Loan Note proposal and a proposal for Jay Jordan and David Zalaznick or their affiliates to assume the Company's remaining commitment to the Orangewood Fund, with the latter also being a requirement of the amendments to the senior debt facility.

The Board acknowledges that the new maturity date of the senior debt facility and the Loan Notes still fall within the going concern period and therefore the Company will still need to generate sufficient realisation proceeds, within the period, to repay its debt obligations or make alternative debt arrangements with lenders post 1 October 2022.

Considering the Company's projected cash position, ongoing operating costs and the anticipated further investment required to support the Company's portfolio the Board anticipate further proceeds of approx. $185 million are required from the realisation of investments to enable the Company to settle its debts as they fall due.

It is anticipated that the liquidity required to settle the debt obligations mentioned above, and other ongoing obligations in 2022, will be generated from realisations within the 16 month going concern period. The Company's investment adviser, JZAI, is currently pursuing various opportunities to realise value, these forecast realisations include several anticipated sales of micro-cap companies. Total realisation proceeds of approximately $275 million are forecast, over the going concern period, from the aforementioned events.

The Board continue to consider the levels of realisation proceeds historically generated by the Company's micro-cap portfolios as well as the accuracy of previous forecasts whilst concluding on the predicted accuracy of forecasts presented.

The Board recognise, under current market conditions, the raising of the required total realisation amount is a considerable task but remains confident in the value of its underlying micro-cap investments and are buoyed by their post COVID-19 performance.

The restructuring of the Company's debt structure, following satisfaction of closing conditions, will enable the Company to realise investments in a timeframe that will help maximise the portfolio's value. In the instance that sufficient realisations proceeds are not raised, in the going concern period, to meet the Company's debt liabilities, the Board are confident the Company can work to ensure alternative financing plans are in place.

Going Concern Conclusion
After careful consideration and based on the reasons outlined above, the Board are satisfied, as at the date of the signing of the Annual Report and Financial Statements, that it is appropriate to adopt the going concern basis in preparing the financial statements and they have a reasonable expectation that the Company will continue in existence as a going concern for the period ending 1 October 2022.

However, the Board have concluded that the following consideration creates a material uncertainty which casts significant doubt over the ability of the Company to continue as a Going Concern, being:

- *Whether the Company can generate sufficient cash through realisations of its underlying investments to discharge its liabilities over the period to 1 October 2022 or failing to do so can implement an alternative debt restructuring plan that will enable the Company to repay all of its debt obligations, including the redemption of its ZDP shares, over an extended timeframe.*

The Financial Statements do not include any adjustments that might result from the outcome of this uncertainty.

Viability Statement
In accordance with the UK Corporate Governance Code (the "UK Code"), the Board has assessed the expectations that the Company will be able to continue in operation and meet ongoing debt obligations. In order to make the assessment, the Board has carried out a robust review of the Company's principal risks and uncertainties, as noted above, to which the Company is exposed and that potentially threaten future performance and liquidity and has assessed the Company's current position and prospects as detailed in the Chairman's Statement and Investment Adviser's Report. The period covered by the viability statement is the next three financial years to 29 February 2024.

As set out in the going concern statement, the viability of the Company is dependent entirely on actions that are being and will be taken over the course of the going concern period ended 1 October 2022. However, there is a material uncertainty which casts significant doubt over the ability of the Company to continue as a going concern and its longer-term viability, being:

- Whether the Company can generate sufficient cash through realisations of its underlying investments to discharge its liabilities over the period to 1 October 2022 or failing to do so can implement an alternative debt restructuring plan that will enable the Company to repay all of its debt obligations, including the redemption of its ZDP shares, over an extended timeframe.

The Directors have continued to use the period of three years to assess viability that has been used historically. This period is considered appropriate as the actions will be directed at achieving liquidity from sales of investments at a level that will reasonably ensure the longer-term viability of the operations of the Company. The Board will continue to review the period of assessment on an annual basis and may in future adjust if considered appropriate.

In reaching its conclusion on the Company's viability, the Directors have considered the following:

(i) Recent Events

Reduction in Company's Net Asset Value
During the February 2021 fiscal year, the Company suffered valuation losses with its NAV being decreased by approx.

31% (2020: 41%) over the year. This reduction during the last two fiscal years has weakened the Company's balance sheet and the Board have subsequently had to consider the impact on the liquidity of the Company.

The NAV reduction noted above, was predominantly due to losses in the Company's real estate portfolio. The Board have confidence in the valuation of the Company's micro-cap portfolios, which is backed up by historic realisations and current performance.

In order to stabilise the Company's balance sheet, the Board are focused on repaying debt. Investment is being curtailed to commitments and what is necessary to maximise the value of the existing portfolio. No repayment of capital will be made to shareholders until debt obligations have been met.

COVID-19
The Board and Investment Adviser are continuing to monitor the impact and consequences of the virus on the Company and its investments. The Board are pleased that the Company's micro-cap portfolios have generally continued to perform well throughout the year. This encouraging performance in the face of unprecedented circumstances gives the Board confidence in the valuation of the portfolios and the potential for growth and future valuation uplifts. The Board has confidence that the micro-cap portfolios will continue to perform robustly but are mindful that current market conditions may delay the timeframe for realisations.

(ii) Financing obligations

Senior Debt Facility
The current debt facility has a maturity date of June 2021, the balance outstanding at 28 February 2021 was approximately $69 million. As noted in the 'Going Concern' section of the Report of the Directors, lenders have agreed, subject to shareholder approval of the Loan Note proposal (below), to amend the terms of its senior debt facility which will, among other things, extend the maturity date of the senior debt facility by one year until 12 June 2022. It is expected the extended debt facility will be repaid from the proceeds of realisations and/or refinancing of investments.

Convertible Unsecured Loan Stock - Maturity date 30 July 2021
The Company will redeem CULS in July 2021 amounting to £38.9 million (approx. $54 million at the year-end exchange rate). It is expected the redemption of the CULS will be met from existing cash held and liquidity provided by the proposed loan facility described below.

Loan Notes - Maturity date 11 September 2022
As noted in Subsequent Events (Note 31), the Company entered into a note purchase agreement with David W. Zalaznick and John (Jay) Jordan II, the founders and principals of the Company's investment adviser, Jordan/Zalaznick Advisers, Inc., pursuant to which they have agreed to purchase directly or through their affiliates, Loan Notes in the amount of $31.5 million, with an interest rate of 6 per cent. per annum and maturing on 11 September 2022 (the "Loan Notes"). It is expected the Loan Notes will be repaid from the proceeds of realisations and/or refinancing of investments.

Zero Dividend Preference (2022) shares - Maturity date 1 October 2022
JZCP is due to redeem £57.6 million (est. $80.5 million at year end exchange rate), of ZDP shares on 1 October 2022, again it is expected the redemption of the ZDPs will be met from the proceeds of realisations and/or refinancing of investments.

Commitments
At 28 February 2021, JZCP had financial commitments of $31.9 million outstanding in relation to fund investments.

(iii) Investment performance and portfolio liquidity

The Board reviews, on a quarterly basis, the valuation and prospects of all underlying investee companies. The performance of JZCP's real estate portfolio has limited the potential to realise liquidity from this portfolio and therefore increased the risk to both liquidity and therefore viability. However, the Board are satisfied in large with the performance of the JZCP's micro- cap portfolios and believe there will be suitable realisation opportunities and proceeds in order for the Company to meet its debt and other obligations. JZCP's micro-cap portfolio has averaged annual realisations of $124 million over the five years ending 28 February 2021. JZAI is currently pursuing various opportunities to realise value, whilst COVID-19 has not provided ideal market conditions and has delayed both the investment and realisation activity, the Board have concluded that they have a reasonable expectation that forecast realisations will be completed.

(iv) Loan covenants

At 28 February 2021, investments and cash valued at $504.9 million were held as collateral on the senior debt facility. A covenant on the loan states the fair value of the collateral must be 3.5x the loan value (which equates to approximately $240 million at the year end) and the Company is also required to hold a minimum cash balance of $15 million. The Board are confident the loan covenants will not be breached.

(v) Mitigation of other risks as outlined in the Principal Risks and Uncertainties above.

Conclusion
In concluding on the viability of the Company, the Directors have concluded that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period ended 29 February 2024, being the period of the assessment. They consider the going concern assumptions, material uncertainties and conclusion set out above to be relevant.

Dividends
No dividends were paid or proposed for the years ended 28 February 2021 and 29 February 2020.

Ongoing Charges
Ongoing charges for the years ended 28 February 2021 and 29 February 2020 have been prepared consistently with the methodology used in the previous year. The ongoing charges ratio represents annualised recurring operational expenses as a percentage of the average net asset value. The Ongoing charges for the year ended 28 February 2021 were 3.52% (29 February 2020: 2.71%).

Directors
The Directors listed below, who served on the Board during the year are all deemed independent and non-executive, other than Tanja Tibaldi they were in office at the end of the year and subsequent to the date of this report. The biographical details of the Directors are shown in Board of Directors.

David Macfarlane (Chairman)
James Jordan
Sharon Parr
Ashley Paxton (appointed 12 August 2020)
Tanja Tibaldi (resigned 12 August 2020)

Substantial Shareholders
As at 18 May 2021, the Company has been notified in accordance with the Disclosure Guidance and Transparency Rules of the following interests of 5% or more of the total Ordinary share capital of the Company. The number and percentage of Ordinary shares relate to the number informed by shareholders on the relevant notification rather than the current share register. The number and percentage of Ordinary shares set out below for each substantial shareholder will therefore not take account of any Ordinary shares bought or sold by them or the effect of any share buy backs undertaken by the Company on their shareholdings, in each case, not so notified as required by, or in accordance with, the Disclosure Guidance and Transparency Rules.

For the avoidance of doubt, the number and percentage of Ordinary shares set out below should not therefore be used for the purposes determining if the Company is or is to become a controlled foreign corporation within the meaning of The United States Internal Revenue Code of 1986, as amended (further information on the Company's controlled foreign corporation status can be found in US Tax Matters under the section Useful Information for Shareholders). Shareholders and prospective shareholders must consult their own tax advisers concerning US tax laws.

	Ordinary shares	% of Ordinary shares
Edgewater Growth Capital Partners L.P.	18,335,944	23.7%
David W. Zalaznick	10,550,294	13.6%
John W. Jordan II & Affiliates	10,550,294	13.6%
Jefferies Financial Group	8,021,552	10.4%
Abrams Capital Management L.P.	7,744,366	10.0%
Arnhold, LLC	4,573,007	5.9%
Finepoint Capital L.P.	4,413,067	5.7%

The percentage of Ordinary shares shown above represents the ownership of voting rights at the year end, before weighting for votes on Directors.

It is the responsibility of the shareholders to notify the Company of any change to their shareholdings when it reaches 5%

of shares in issue and any subsequent change when the shareholding increases or decreases by a further 5% (up to 30% of shares in issue i.e. 10%, 15%, 20%, 25% and 30%) and thereafter 50% and 75%.

Share Capital, Purchase of Own Shares and Convertible Unsecured Loan Stock "CULS"
The beneficial interests of the Directors in the Ordinary shares of the Company are shown below:

	Number of Ordinary shares at 1 March 2020	Purchased in year	Sold in year	Number of Ordinary shares at 28 February 2021
David Macfarlane	71,550	-	-	71,550
James Jordan	39,124	-	-	39,124
Tanja Tibaldi[1]	2,720	(see below)		
Sharon Parr	-	-	-	-
Ashley Paxton	-	-	-	-
	113,394	-	-	110,674

[1]Tanja Tibaldi held 2,720 shares at 1 March 2020 and on her retirement from the board at 12 August 2020.

The beneficial interests of the Directors in the CULS of the Company are shown at 28 February 2021 (no change from 29February 2020 position):

	Number of CULS of £10 nominal value
David Macfarlane	734
James Jordan	-
Sharon Parr	-
Ashley Paxton	-
Tanja Tibaldi[1]	(see below)
	734

[1]Tanja Tibaldi held 367 CULS at 1 March 2020 and on her retirement from the board at 12 August 2020.

None of the Directors held any interest in the Zero Dividend Preference shares during the year. There have been no changes in the Directors' interests of any share class between 28 February 2021 and the date of this report.

Details of the ZDP shares and the Ordinary shares can be found in Notes 14 and 18. Details of the CULS can be found in Note 15.

Annual General Meeting
The Company's Annual General Meeting is due to be held on 6 July 2021.

Engaging with Stakeholders
In line with best practice the Board is required to ensure effective engagement with, and participation from, its shareholders and stakeholders. The Board should also understand the views of the Company's key stakeholders and describe in the annual report how their interests and the matters set out in Section 172 of the Companies Act 2006 have been considered in board discussions and decision-making.

The Board identifies its key stakeholders as the following:

- Shareholders and prospective investors
- JZAI, the Investment Adviser of its portfolio investments and other service providers The Company has no employees

Engaging with Shareholders
The Directors believe that the maintenance of good relations with both institutional and retail shareholders is important for the prospects of the Company. It therefore seeks active engagement with investors, bearing in mind the duties regarding

equal treatment of shareholders and the dissemination of inside information. The Board receives feedback on shareholder views from its Corporate Broker and Investment Adviser, and is circulated with Broker reports on the Company.

The Board believes that the Annual General Meeting, a meeting for all shareholders, is the key point in the year when the Board of Directors accounts to all shareholders for the performance of the Company. In usual circumstances the Directors encourage all shareholders to attend where Directors will be present and available to engage with shareholders. In light of COVID-19, shareholders should refer to the Notice of AGM for guidance on physical attendance at this year's meeting.

The Board believes that the Company policy of reporting to shareholders as soon as possible after the Company's year end and the holding of the Annual General Meeting at the earliest opportunity is valuable.

The Company, provides an Interim Report and Accounts in accordance with IAS 34 and will aim to issue monthly NAV announcements within 21 day of the month end, these announcements will be posted on JZCP's website at the same time, or soon thereafter.

Engaging with Service Providers
In usual 'non-COVID-19' circumstances, the Board visits the Investment Adviser at least annually for a comprehensive review of the portfolio, its valuation methodology and general strategy. The Board are also in regular communication with the Investment Adviser to discuss the Company's strategy as well as being kept up to date with portfolio matters.

A Management Engagement Committee, was established in 2018, to review the performance and contractual arrangements of the Company's service providers. The Board look to engage with service providers and encourage communication of any concerns of matters arising and deal with them appropriately.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable laws and regulations. Guernsey Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that year.

In preparing Financial Statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- confirm that there is no relevant audit information of which the Company's Auditor is unaware; and
- confirm that they have taken all reasonable steps which they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008 and International Financial Reporting Standards as adopted by the European Union ("IFRS"). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with these requirements in preparing the Financial Statements.

Responsibility Statement of the Directors in respect of the Financial Statements
The Directors confirm that to the best of their knowledge:

- the Financial Statements have been prepared in accordance with IFRS and give a true and fair view of the assets, liabilities and financial position, and profit or loss of the Company;

- the Annual Report includes a fair review of the development and performance of the business and position of the Company together with the description of the principal risks and uncertainties that the Company faces, as required by the Disclosure Guidance and Transparency Rules of the UK Listing Authority; and

- the Directors confirm that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance and strategy.

Directors' Statement
So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board of Directors and signed on behalf of the Board on 18 May 2021.

David Macfarlane
Chairman

Sharon Parr
Director

Corporate Governance

Introduction
As a Guernsey incorporated company with a UK listing, JZCP's governance policies and procedures are based on the principles of the UK Corporate Governance Code (the "UK Code") as required under the Disclosure Guidance and Transparency Rules. The UK Code is available on the Financial Reporting Council's website, www.frc.org.uk. The Company is subject to the GFSC Code, which applies to all companies registered as collective investment schemes in Guernsey. The GFSC has also confirmed that companies that report against the UK Code are deemed to meet the GFSC Code. In prior years the Company reported against the AIC Code of Corporate Governance (the "AIC Code"), which addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. The Company is no longer a member of the AIC.

Throughout the accounting period the Company has complied with the recommendations of the UK Code and thus the relevant provisions of the UK Corporate Governance Code, except as set out below.

- the tenure of the Chairman (see Corporate Governance).
- the Chairman serving as a member of the Audit Committee.

The Board considers the following UK Code provisions are not relevant to the position of JZ Capital Partners Limited, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

- the role of the chief executive;
- executive directors remuneration; and
- appointment of a senior independent director.

There have been no other instances of non-compliance, other than those noted above.

Guernsey Code of Corporate Governance
The Guernsey Financial Services Commission's (the "GFSC") "Finance Sector Code of Corporate Governance" (the "Guernsey Code") came into effect on 1 January 2012 and was subsequently amended on 18 February 2016. The introduction to the Guernsey Code states that companies which report against the UK Corporate Governance Code or the AIC's Code of Corporate Governance are deemed to meet the Guernsey Code.

The Board
Corporate Governance of JZCP is monitored by the Board which at the end of the year comprised four Directors, all of whom are non-executive. Biographical details of the Board members at the date of signing these Financial Statements are shown in Board of Directors and their interests in the shares of JZCP are shown in the Report of the Directors. The Directors' biographies highlight their wide range of relevant financial and sector experience.

Directors' Independence
The Board continually considers the independence of the Directors, including in light of the circumstances which are set out in the UK Code as likely to impair a director's independence.

There are no circumstances that exist, including those under the UK Code, which the Board considers likely to impair the independence of any of the Directors.

Two Board members (David Macfarlane and James Jordan) have, however, served on the Board for a period of longer than nine years which is one of those circumstances set out in the UK Code. The conclusion the Board has reached is that despite having served on the Board for more than nine years, this has not impacted the independence of such Directors. However, the Board will continue to assess on an annual basis how length of service could impair judgement and decision making both on the basis of an individual Director and the Board as a whole.

Previously, each Director having served longer than nine years was subject to annual re-election and each Director having served less than nine years was subject to re-election at the third annual general meeting after appointment or (as the case may be) the general meeting at which he or she was last appointed. In line with best practice, all Directors are now subject to annual re-election.

Further details on the Board's processes and criteria for the appointment of directors can be found under the section of this Annual Report detailing the work of the Nomination Committee (see Board Committees below).

Succession Planning
The Board acknowledges that the Board and its Committees should have a combination of skills, experience and knowledge and that membership should be regularly refreshed. The Board annually evaluates its composition, diversity and how effectively each member contributes and how they work together to achieve objectives. Further details on the evaluation of the Board and its Committees can be found below in this section of the Annual Report.

During the fiscal year, Tanja Tibaldi resigned from the Board and Ashley Paxton was recruited.

Chairman Tenure
The UK Code, states the Chairman should not remain in post beyond nine years from the date of their first appointment to the Board. However, to facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time.

The Board's policy on the Chairman's tenure is that continuity and experience are considered to add significantly to the strength of the Board and as such these attributes need to be weighed against any advantages that a new appointment may bring. Therefore, no limit on the overall length of service of the Chairman is imposed.

The Chairman has served on the Board since the Company's inception (April 2008) and the Board therefore acknowledges that succession to the role needs to be anticipated in line with effective succession planning. In the 2019 Annual Report, it was noted a substantial refreshment of the board was planned to take place in 2021, including the appointment of a new Chairman. In the light of the events of the last two fiscal years the Chairman will continue to oversee of the stabilisation of the Company and will therefore continue to seek re-election to the Board annually.

Proceedings of the Board
The Directors have overall responsibility for the Company's activities and the determination of its investment policy and strategy. The Company has entered into an investment advisory and management agreement with its Investment Adviser, JZAI, pursuant to which, subject to the overall supervision of the Directors, the Investment Adviser acts as the investment manager to the Company and manages the investment and reinvestment of the assets of the Company in pursuit of the investment objective of the Company and in accordance with the investment policies and investment guidelines from time to time of the Company and any investment limits and restrictions notified by the Directors (following consultation with the Investment Adviser). Within its strategic responsibilities, the Board regularly considers corporate strategy as well as dividend policy, the policy on share buy backs and corporate governance issues.

The Directors meet at least quarterly to direct and supervise the Company's affairs. This includes reviewing the investment strategy, risk profile, gearing strategy and performance of the Company and the performance of the Company's functionaries, and monitoring compliance with the Company's objectives.

In usual circumstances, the Directors visit the Investment Adviser at least annually for a comprehensive review of the portfolio, its valuation methodology and general strategy. The Directors deem it appropriate to review the valuations of the investment portfolio on a quarterly basis. The schedule of Board and Committee meetings is shown below.

Continuing terms of Investment Adviser agreement
In the opinion of the Directors, the continuing appointment of the Investment Adviser on the terms agreed continues to be in the interests of Shareholders. In reaching its conclusion the Board considers the Investment Adviser's performance, expertise and ability in effectively assisting the management of portfolio companies.

Supply of information
The Chairman ensures that all Directors are properly briefed on issues arising at, and when necessary in advance of, Board meetings. The Company's advisers provide the Board with appropriate and timely information in order that the Board may reach proper decisions. Directors can, if necessary, obtain independent professional advice at the Company's expense.

Directors' training
The Board is provided with information concerning changes to the regulatory or statutory regimes as they may affect the Company, and are offered the opportunity to attend courses or seminars on such changes, or other relevant matters. An induction programme is available for any new Director appointments. The induction programme offers training about the Company, its managers, their legal responsibilities and investment company industry matters.

Chairman and Senior Independent Director
The Chairman is a non-executive Director, together with the rest of the Board. There is no executive Director position within the Company. Day-to-day management of the Company's affairs has been delegated to third party service providers. Currently there is no appointment of a Senior Independent Director.

Board diversity
The Board has also given careful consideration to the recommendations of the Davies Review and the findings of the Hampton-Alexander Review on the evolving gender diversity debate. The Board continues to review its composition in terms of diversity, appropriate range of skills and experience and the Board is committed to ensuring that diversity is considered when appointments to the Board are under consideration – as indeed has always been its practice.

The Board's evaluation
The Board, Audit Committee, and Nomination Committee undertake an evaluation of their own performance and that of individual Directors on an annual basis. In order to review their effectiveness, the Board and its Committees carry out a process of formal self-appraisal. The Board and Committees consider how they function as a whole and also review the individual performance of its members. This process is conducted by the Chairman reviewing each member’s performance, contribution and their commitment to the Company. The Board, as a whole, reviews the performance of the Chairman. Each Board member is also required to submit details of training they have undertaken on an annual basis. Currently, no third party evaluation of the Directors effectiveness is undertaken. The results of the evaluation process concluded the Board was functioning effectively and the Board and its committees provided a suitable mix of skills and experience.

Board Committees
In accordance with the UK Code, the Board has established an Audit Committee and a Nomination Committee, in each case with formally delegated duties and responsibilities within written terms of reference. The identity of each of the Chairmen of the committees referred to below is reviewed on an annual basis. The Board, consisting of all non-executive Directors, has decided that the entire Board should fulfil the role of the Audit and Nomination Committees. The terms of reference of the committees are kept under review and can be viewed on the Company's website www.jzcp.com.

Nomination Committee
In accordance with the Code, the Company has established a Nomination Committee. The Nomination Committee leads the process for all board appointments, oversees the development of and reports on, amongst other things, its approach to a diverse pipeline for succession.

The Nomination Committee takes into consideration the Code’s rules on independence of the Board in relation to the Company, its senior management and major shareholders. The Nomination Committee is chaired by David Macfarlane, and each of the other Directors is also a member. The members of the committee are independent of the Investment Adviser. The Nomination Committee has responsibility for considering the size, structure and composition of the Board, retirements and appointments of additional and replacement Directors and making appropriate recommendations to the Board.

Due to the nature of the Company being a listed investment company investing in private equity with an international shareholder base, the Company needs Directors with a broad range of financial experience. For this reason, Directors use external consultants as well as using their own contacts to identify suitable candidates.

The final decision with regard to appointments always rests with the Board and all such appointments are subject to confirmation by shareholders.

In August 2020, Ashley Paxton was appointed to the Board following a proposal by the Nomination Committee. Ashley was recommended as a suitable candidate, by an external consultant, due to his wealth of industry experience and his demonstrable track record in advising closed-ended London listed boards and their audit committees.

Audit Committee
The Audit Committee is chaired by Sharon Parr and all other Directors are members. Contrary to the recommendations of the UK Code, the Board consider it is appropriate for the Company's Chairman to serve as a member of the Audit Committee due his considered independence and the skills/experience contributed. The Board also notes the AIC Code, previously followed by the Company, permits a chairman to be a member of an audit committee if independent on appointment. Members of the Committee are independent of the Company's external auditors and the Investment Adviser. All members have the necessary financial and sector experience to contribute effectively to the Committee. The Audit Committee meets at least twice a year and meets the external auditors at least twice a year. The Audit Committee is responsible for overseeing the Company's relationship with the external auditors, including making recommendations to the Board on the appointment of the external auditors and their remuneration. The Committee also considers the nature, scope and results of the auditors' work and reviews, and develops and implements policies on the supply of any non-audit services that are to be provided by the external auditors.

Post year end, the Audit Committee has re-considered whether the Company is able to continue as a going concern for the period ending 1 October 2022 and whether it considers it appropriate to adopt the going concern basis of accounting in preparing them, and identify any material uncertainties to the company's ability to continue to do so. Also, the Audit Committee, has considered the Company's current position and principal risks, and assessed the prospects of the Company, over the viability period of three years to 29 February 2024.

The activities and responsibilities of the Audit Committee are further described in the Audit Committee Reportand the recommendations to the Board made by the Audit Committee, regarding the going concern and viability ofthe Company are detailed in the Report of the Directors.

Management Engagement Committee
The Management Engagement Committee is chaired by David Macfarlane and comprises the entire Board. Responsibilities include reviewing the performance and contractual arrangements of the Company's service providers.

Remuneration Committee
In view of its non-executive and independent nature, the Board considers that it is not appropriate for there to be aseparate Remuneration Committee as prescribed by the UK Code. The process for agreeing the non-executive Directors' fees is set out in the Directors' Remuneration Report.

Board and Committee meeting attendance
The number of formal meetings of the Board and its committees held during the fiscal year and the attendance of individual Directors at these meetings was as follows:

	Number of meetings					
	Board		Ad Hoc	Audit	Nomination	Management Engagement
	Main	AGM	Meetings	Committee	Committee	Committee
Total number of meetings	**4**	**1**	**18**	**7**	**1**	**1**
David Macfarlane	4	1	18	7	1	1
James Jordan	4	1	17	7	1	1
Sharon Parr	4	1	17	7	1	1
Ashley Paxton (appointed 12 August 2021)	3	0	12	2	0	1
Tanja Tibaldi (resigned 12 August 2021)	1	0	6	4	1	0

The main Board meetings are held to agree the Company's valuation of its investments, agree the Company's financial statements and discuss and agree other strategic issues. Other meetings are held when required to agreeboard decisions on ad-hoc issues.

UK Criminal Finances Act 2017
In respect of the UK Criminal Finances Act 2017 which has introduced a new Corporate Criminal Offence of 'failing to take reasonable steps to prevent the facilitation of tax evasion', the Board confirms that it is committed to zero tolerance towards

the criminal facilitation of tax evasion.

The Board also keeps under review developments involving other social and environmental issues, such as Modern Slavery and General Data Protection Regulation, and will report on those to the extent they are considered relevant to the Company's operations.

Internal Controls

The Board is ultimately responsible for establishing and maintaining the Company's system of internal financial and operating control and for maintaining and reviewing its effectiveness on an annual basis. The Company's risk matrix continues to be the core element of the Company's risk management process in establishing the Company's system of internal financial and reporting control. The risk matrix is prepared and maintained by the Board which initially identifies the risks facing the Company and then collectively assesses the likelihood of each risk, the impact of those risks and the strength of the controls operating over each risk. The system of internal financial and operating control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained and the financial information for publication is reliable. The Board confirms that there is an ongoing process for identifying, evaluating and managing the principal risks faced by the Company.

This process has been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements and is reviewed by the Board and is in accordance with the Internal controls: Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Board has evaluated the systems of internal controls of the Company. In particular, it has prepared a process for identifying and evaluating the principal risks affecting the Company and the policies by which these risks are managed.

The Board has delegated the day to day responsibilities for the management of the Company's investment portfolio, the provision of depositary services and administration, registrar and corporate secretarial functions including the independent calculation of the Company's NAV and the production of the Annual Report and Financial Statements which are independently audited.

Formal contractual agreements have been put in place between the Company and providers of these services.

Even though the Board has delegated responsibility, it retains accountability for these functions and is responsible for the systems of internal control. At each quarterly board meeting, compliance reports are provided by the Administrator, Company Secretary and Portfolio Manager. The Board also receives confirmation from the Administrator of its accreditation under its Service Organisation Controls 1 report.

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee at its quarterly meetings and annually by the Board.

The Board believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed.

Whistle Blowing Policy

The Directors are non-executive and the Company does not have employees, hence no whistle blowing policy is required. However, the Directors have satisfied themselves that the Company's service providers have appropriate whistle blowing policies and procedures and have received confirmation from the service providers that nothing has arisen under those policies and procedures which should be brought to the attention of the Board.

International Tax Reporting

For purposes of the US Foreign Account Tax Compliance Act ("FATCA"), the Company registered with the US Internal Revenue Services ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number CAVBUD.999999.SL.831, and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted by Guernsey and which came into effect on 1 January 2016. The CRS replaced the intergovernmental agreement between the UK and Guernsey to improve international tax compliance that had previously applied.

The Board will take necessary actions to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.

Directors’ Remuneration Report

The Company's policy in regard to Directors' remuneration is to ensure that the Company maintains a competitive fee structure in order to recruit, retain and motivate non-executive Directors of excellent quality in the overall interests of shareholders.

Remuneration Policy
The Directors do not consider it necessary for the Company to establish a separate Remuneration Committee. All of the matters recommended by the Code that would be delegated to such a committee are considered by the Board as a whole.

It is the responsibility of the Board as a whole to determine and approve the Directors' fees, following a recommendation from the Chairman who will have given the matter proper consideration, having regard to the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs. The Chairman's remuneration is decided separately and is approved by the Board as a whole.

The Company's Articles state that Directors' remuneration payable in any accounting year shall not exceed in the aggregate an annual sum of US$650,000. Each Director is also entitled to reimbursement of their reasonable expenses. There are no commission or profit sharing arrangements between the Company and the Directors. Similarly, none of the Directors is entitled to pension, retirement or similar benefits. No element of the Directors' remuneration is performance related.
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The remuneration policy set out above is the one applied for the year ended 28 February 2021 and is not expected to change in the foreseeable future.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Remuneration for Services to the Company as Non-Executive Directors	Year Ended 02 February 2021	Year Ended 29 February 2020
	US$	US$
David Macfarlane (Chairman)	120,000.00	160,000.00
James Jordan	50,000.00	60,000.00
Sharon Parr	95,000.00	67,000.00
Ashley Paxton (appointed 12 August 2020)	27,000.00	-
Tanja Tibaldi (resigned 12 August 2020)	27,000.00	60,000.00
Patrick Firth (resigned 27 June 2019)	-	23,000.00
Christopher Waldron (resigned 26 November 2019)	-	51,000.00
	319,000.00	421,000.00

As from 1 March 2020, fees payable to the Chairman and Directors (excluding Ms Tibaldi) were reduced to $120,000 per annum and $50,000 per annum respectively. The Chairman of the Audit Committee will receive an additional amount of $20,000 per annum and in the year received a further fee of $25,000 for additional work relating to events in the prior year.

No Director has a service contract with the Company, nor are any such contracts proposed.

Directors' Term of Appointment
In line with the UK Code of Corporate Governance, all Directors seeking re-election to the Board will do so on an annual basis regardless of their tenure not yet exceeding nine years.

The Directors were appointed as non-executive Directors by letters issued in April 2008, June 2018 and August 2020 which state that their appointment and any subsequent termination or retirement shall be subject to three-months’ notice from either party in accordance with the Articles. Each Director’s appointment letter provides that, upon the termination of his/her appointment, that he/she must resign in writing and all records remain the property of the Company. The Directors’ appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of director shall be terminated by, among other things: (a) written resignation; (b) unauthorised absences from board meetings for six months or more; (c) unanimous written request of the other directors; and (d) an ordinary resolution of the Company.

Signed on behalf of the Board of Directors on 18 May 2021 by:

David Macfarlane
Chairman

Sharon Parr
Director

Audit Committee Report

Dear Shareholder,

We present the Audit Committee's Report, setting out the responsibilities of the Audit Committee and its key activities during the year ended 28 February 2021. The Audit Committee has reviewed the Company's financial reporting, the independence and effectiveness of the external auditor and the internal control and risk management systems of the Company's service providers. In order to assist the Audit Committee in discharging these responsibilities, regular reports are received and reviewed from the Investment Manager, Administrator and external auditor.

A member of the Audit Committee will continue to be available at each Annual General Meeting to respond to any shareholder questions on the activities of the Audit Committee.

Responsibilities
The terms of reference of the Audit Committee include the requirement to:

- monitor the integrity of the published Financial Statements of the Company;
- review and report to the Board on the significant issues and judgements made in the preparation of the Company's published Financial Statements, (having regard to matters communicated by the external Auditors) and other financial information;
- monitor and review the quality and effectiveness of the external Auditors and their independence;
- consider and make recommendations to the Board on the appointment, reappointment, replacement and remuneration of the Company's external Auditor;
- advise the Board that the annual report and accounts, taken as a whole, is fair, balanced and understandable;
- review and consider the Company's Principal risks and uncertainties;
- consider the long-term viability of the Company;
- review the Company's procedures for prevention, detection and reporting of fraud, bribery and corruption;
- monitor and review the internal control and risk management systems of the service providers; and
- consider and make representations to the Board regarding Directors' remuneration.

The Audit Committee's full terms of reference can be viewed on the Company's website www.jzcp.com

Key Activities of the Audit Committee
The following sections discuss the assessments made by the Audit Committee during the year:

Financial Reporting:
The Audit Committee's review of the Annual Financial Statements focused on the following significant areas:

- COVID-19
During the year, the Audit Committee received regular updates from the Investment Adviser of the impact of COVID-19 on the Company's investment portfolio. Information was provided on the following business aspects of portfolio companies/properties, to enable the Board to assess the ongoing risk to the Company and also any impact COVID-19 may have had on the reporting year ended 28 February 2021:

i) Demand for product/service;
ii) Supply Chain & operational issues;
iii) Flexibility and adaptability of workforce to perform duties;
iv) Financial Strength of Company – Liquidity Issues;
v) Support received from Government programmes; and
vi) Real estate markets.

The Audit Committee have also been regularly updated on scheduled realisations and liquidity projections in light of the COVID-19 lockdowns and delays in corporate transactions.

- Assessment of Going Concern and Viability
  The Audit Committee has considered the ability of the Company to continue as a going concern over the period ending 1 October 2022. After careful consideration the Committee have recommended to the Board that it is satisfied that it is appropriate to adopt the going concern basis in preparing these Financial Statements and they have a reasonable expectation that the Company will continue in existence as a going concern for the period ending 1 October 2022. The reasons for reaching this judgement are detailed in the Report of the Directors. However, there is a material uncertainty which casts significant doubt over the ability of the Company to continue as a Going Concern, being:

  Whether the Company can generate sufficient cash through realisations of its underlying investments to discharge its liabilities over the period to 1 October 2022 or failing to do so can implement an alternative debt restructuring plan that will enable the Company to repay all of its debt obligations, including the redemption of its ZDP shares, over an extended timeframe.

  For the viability assessment, the Audit Committee has assessed the expectations that the Company will be able to continue in operation and meet ongoing debt obligations over the period ending 29 February 2024. In making its recommendation to the Board the Committee has carried out a robust review of the Company's principal risks and uncertainties to which the Company is exposed and that potentially threaten future performance and liquidity and has assessed the Company's current position and prospects as detailed in the Chairman's Statement and Investment Adviser's Report.

  The key factors considered by the Committee are detailed in the Report of the Directors.

  The Committee have concluded that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment. They consider the going concern assumptions, material uncertainty and conclusion set out above to be relevant.

  The Audit Committee was also satisfied that the disclosures in the basis of preparation note and the viability statement, relating to the going concern assessment of the Company, were appropriately clear and transparent. In particular that the material uncertainty prevalent in the going concern basis of preparation is disclosed in a fair, balanced and understandable manner.

- Valuation of Unquoted Investment Fair Values including the impact on management fees
  The fair value of the Company’s unquoted securities at 28 February 2021, which are valued using techniques detailed in Note 5 of the financial statements, was $433,224,000 accounting for 92.8% of the Company's investment portfolio. The Committee has concentrated on ensuring the Investment Manager has applied appropriate valuation methodologies to these investments in producing the net asset value of the Company.

  Members of the Audit Committee, discuss the valuation process with the Investment Adviser on a quarterly basis. The Audit Committee gains comfort in the valuations produced by reviewing the methodologies used and challenging the recommendations of the Investment Adviser. The Audit Committee are thus satisfied that the valuation techniques are appropriate and represent fair value.

  The valuation of the unquoted investments is the key driver of the Company’s gross asset value and the basis of the management fees payable to the Investment Adviser and therefore the management fees payable could potentially be misstated if there were to be an error in the calculation of the gross assets. However, as each monthly NAV calculation is approved by the Investment Adviser and the year-end NAV has been audited, the Audit Committee is satisfied that the fees have been correctly calculated as stated in the Annual Report and Financial Statements.

- Impairment of Direct Loans Measured at Amortised Cost
  Risk that the carrying value of the direct loans might be misstated due to application of inappropriate methodologies, inputs and/or judgemental factors determining the expected credit loss in accordance with IFRS9 - "Financial Instruments".

Risk Management:
The Audit Committee continued to consider the process for managing the risk of the Company and its service providers. Risk management procedures for the Company, as detailed in the Company's risk assessment matrix, were reviewed and approved by the Audit Committee. New risks are added to the matrix when deemed appropriate.

Fraud, Bribery and Corruption:
The Audit Committee continues to monitor the fraud, bribery and corruption policies of the Company. The Board receives a confirmation from all service providers that there have been no instances of fraud, bribery or corruption.

The External Auditor
Ernst & Young LLP have acted as external auditor since the Company's inception in April 2008. This is the third year of Andrew Dann's anticipated five year tenure as audit partner. A full tender process was undertaken during December 2018 and January 2019 resulting in Ernst & Young LLP being reappointed.

Independence, objectivity and fees:
The independence and objectivity of the external auditor is reviewed by the Audit Committee which also reviews the terms under which the external auditor is appointed to perform non-audit services.

In line with the historic policies, the Audit Committee does not consider that the provision of non-audit services, which includes determining whether the Company is a passive foreign investment company as defined by the U.S. Internal Revenue Code, to have been a threat to the objectivity and independence of the external auditor. However, following the introduction of the UK FRC Revised Ethical Standard (effective on 15 March 2020), the Audit Committee has introduced a general prohibition on the external auditor providing non-audit services to the Company. This general prohibition will commence for periods on and after the year ended 28 February 2021 but will not extend to an interim review report providing the fee for such interim review is subject to a 70% fee cap when compared to the audit fee.

The following table summarises the remuneration paid and payable by the Company to Ernst & Young LLP and to other Ernst & Young LLP member firms for audit and other services during the years ended 28 February 2021 and 29 February 2020.

	Year ended 28.2.2021	**\$ Equivalent Year ended 28.2.2021**	**Year ended 29.2.2020**	**\$ Equivalent Year ended 29.2.2020**
Ernst & Young LLP				
- Annual audit	£275,000	\$384,478	£425,000[1]	\$510,000
- Auditor's interim review	£50,000	\$69,000	N/A[2]	N/A
Other Ernst & Young LLP affiliates				
- Passive Foreign Investment Company tax services	-	\$65,000	-	\$65,000

[1]JZCP incurred additional audit fees resulting from the real estate property portfolio valuation issues as well as going concern considerations, including COVID-19.
[2]The Interim Report and Financial Statements for the six-month period ended 31 August 2019 were not reviewed by EY. Due to further requested information provided by real estate appraisers it would not have been possible for EY to have been able to complete their customary review of the interim results and related report within the regulatory timeframe.

Performance and effectiveness:
During the year, when considering the effectiveness of the external auditor, the Audit Committee has taken into account the following factors:

- the audit plan presented to them before each audit;
- the post audit report including variations from the original plan;
- changes in audit personnel;

- the external auditor's own internal procedures to identify threats to independence; and
- feedback received from both the Investment Adviser and Administrator.

The Audit Committee reviewed and challenged the audit plan and the post audit report of the external auditor and concluded that audit risks had been sufficiently identified and were sufficiently addressed. The Audit Committee considered reports from the external auditor on their procedures to identify threats to independence and concluded that the procedures were sufficient to identify potential threats to independence.

There were no significant adverse findings from this evaluation.

The Audit Committee has examined the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor and considers Ernst & Young LLP, as external auditor, to be independent of the Company.

Internal control and risk management systems:
Additional work performed by the Audit Committee in the areas of internal control and risk management are disclosed in Corporate Governance.

The Audit Committee has also reviewed the need for an internal audit function. The Audit Committee has decided that the systems and procedures employed by the Investment Adviser and the Administrator, including the Administrator's internal audit function, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

In finalising the Annual Report and Accounts for recommendation to the Board for approval, the Audit Committee has also recommended to the Board that the Annual Report and Accounts should be considered fair, balanced and understandable.

Sharon Parr
Chairman, Audit Committee
18 May 2021

Independent Auditor's Report
To The Members of JZ Capital Partners Limited

Opinion
We have audited the Financial Statements of JZ Partners Capital Limited (the 'Company") for the year ended 28 February 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 31, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ("IFRS").

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2021 and of its loss for the year then ended;

- have been properly prepared in accordance with IFRS; and

- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements, including the UK FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern
We draw your attention to Note 3 in the Financial Statements, which indicates that there is a material uncertainty as to whether the Company can generate sufficient cash through realisations of its underlying investments to discharge its

liabilities over the period to 1 October 2022 or failing to do so can implement an alternative debt restructuring plan that will enable the Company to repay all of its debt obligations, including the redemption of its ZDP shares, over an extended timeframe, which casts significant doubt over the ability of the Company to continue as a Going Concern. Our opinion is not modified in respect of this matter.

We draw attention to the viability statement in the Report of the Directors, which indicates that the viability of the Company is dependent entirely on actions that are being and will be taken over the course of the going concern period ending 1 October 2022. The Directors consider that the material uncertainty referred to in respect of going concern may cast significant doubt over the future viability of the Company should these events not complete. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

We describe below how our audit responded to the risk relating to going concern:

1. The audit engagement partner directed and supervised the audit procedures on going concern;

2. We obtained the cash flow forecasts prepared by the Investment Adviser, Jordan/Zalaznick Advisers, Inc ("JZAI") and tested the arithmetical accuracy of the models including reperforming the covenant tests therein;

3. We obtained the agreements and enquired of management to understand the Cohanzick loan facility and associated agreement amendments, including the nature of facilities, repayment terms and covenants;

4. We performed a reverse-stress test for covenant compliance to assess the likelihood of a reduction in fair value and/ or cash balance, triggering a covenant breach;

5. We challenged the appropriateness of management's forecasts by assessing historical forecasting accuracy, challenging management's consideration of downside sensitivity analysis and applied further stress testing to understand the sensitivity of the assessment to the timing and quantum of asset realisations;

6. We assessed whether available funds are sufficient to cover commitments made to underlying investments and other ongoing commitments including investment adviser and other expenses, cast significant doubt over the going concern status of the Company;

7. We held discussions with the Investment Adviser and the Audit Committee in relation to the status of the asset realisations and renegotiation of the Cohanzick loan facility;

8. We assessed the likely success and risk factors of the Company's alternative investing and financing plans with its Investment Adviser; and

9. We assessed the disclosures in the Annual Report and Financial Statements relating to going concern, including the material uncertainties, to ensure they were fair, balanced and understandable and in compliance with IAS 1.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in respect of the directors' identification in the financial statements of any material uncertainties to the Company's ability to continue for the period ending 1 October 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	Misstatement of Unquoted Investment Fair Values including the impact on management fees; and Impairment of direct loans measured at amortised cost.
Materiality	Overall materiality of \$3.3 million (2020: \$4.8 million), which represents 1% (2020: 1%) of total equity.

An overview of the scope of our audit

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainties related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Risk	**Our response to the risk**	**Key observations communicated to the Audit Committee**
Misstatement of the unquoted investment fair values including the impact on management fees (2021: $433 million; 2020: $661 million) **Refer to the Audit Committee Report; Accounting policies; and Note 5 of the Financial Statements** 99% (2020: 99%) of the carrying value of investments relates to the Company's holdings in unquoted investments, which are valued using different valuation techniques, as described in note 5 to the Financial Statements. The valuation is subjective, with a high level of judgement and estimation linked to the determination of the values with limited market information available, as a result of the low level of liquidity in the private equity and real estate markets at the year-end. As a result, there is a risk of an inappropriate valuation model being applied, together with the risk of inappropriate inputs to the model/calculation being selected including the possible impact on the management fees. The valuation of the unquoted investments is the key driver of the	Our audit procedures consisted of: Updating and confirming our understanding of the Company's processes and methodologies, including the use of industry specific measures, and policies for valuing unquoted investments held by the Company; Obtaining and inspecting the valuation decks and supporting data for the private equity investments, to assess whether the data used is appropriate and relevant, and discussing these with Investment Adviser to evaluate whether the fair value of the Company's private equity investments are reasonably stated, challenging the assumptions made by JZAI and Board of Directors of the Company; Obtaining and inspecting the independent appraisals and supporting data regarding the real estate assets, to assess whether the data used is appropriate and relevant, and discussing these with Investment Adviser to evaluate whether the fair value of the Company's real estate investments are reasonably stated, challenging the	We confirmed that there were no material instances of use of inappropriate policies or methodologies and that the valuation of the investments was not materially misstated.

Company’s net asset value and total return. Incorrect valuation could have a significant impact on the net asset value of the Company and therefore the return generated for shareholders.	assumptions made by JZAI and Board of Directors of the Company; Attending fair value discussions in relation to 28 February 2021 valuations, for both real estate and private equity investments. Challenging the value roll forward considerations between the 31 August 2020 real estate valuations and the balance sheet date. These included the Investment Adviser, EY Guernsey and EY valuation specialists; Vouching valuation inputs that do not require specialist knowledge to independent sources and testing the arithmetical accuracy of the Company’s calculations for a sample of significant investments selected based on their size/value; Performing back testing on the Level 3 investment sensitivity disclosures to understand the drivers of movements in fair value; For a sample of significant private equity investments selected based on their size/value, we engaged EY Canada (“EY VME”). It was considered appropriate for EY Canada to review both US and European assets as the estimation process is common across both geographies. For the real estate investments, we engaged EY New York and Miami (collectively “EY TRE”) as valuation specialists to: use their knowledge of the market to assess and corroborate Investment Adviser's and third party specialists’ market related judgements and valuation inputs (in relation to the private equity investments discount rates and EBITDA multiples	

	and in relation to real estate assets discount rates, rental per square foot, selling price per square foot) by reference to comparable transactions, and independently compiled databases/indices; assist us to determine whether the methodologies used to value private equity investments and real estate assets were consistent with methods usually used by market participants; performed procedures to assess whether, in light of market data, the fair values of certain recently acquired investments continue to approximate to their consideration paid; and assist us in determining whether the Company's specialist was appropriately qualified and independent. Agreeing the valuation per the Financial Statements back to the models per the valuation decks, relating to private equity investments, prepared by Investment Adviser and agreeing the proposed values per the valuation decks to the investment portfolio report prepared by the Administrator; Reviewing the waterfall calculations on the flow of valuation through the SPV structures to the Company and reviewing the inputs to, and arithmetic accuracy, of the valuation calculations/waterfall; Identifying the significant unobservable inputs to valuations and reviewed and assessed the reasonableness of the sensitivity workings and disclosures, comparing the Investment Adviser's position with EY's range of acceptable inputs; Reporting to the Audit Committee on the calibration of investment valuations against EY's ranges and	

	commenting on any specific movements of valuation marks in those ranges vs prior periods; and Re-performed the management fee calculations for mathematical accuracy and consistency with the terms of the investment advisory agreement.	
Impairment of direct loans measured at amortised cost (2021: $34 million; 2020 $31 million) Risk that the carrying value of the direct loans might be misstated due to application of inappropriate methodologies, inputs and/or judgemental factors determining the expected credit loss in accordance with IFRS 9. Refer to the Audit Committee Report; Accounting policies, and Note 7 to the Financial Statements.	For all loans greater than materiality we have performed the following procedures: We obtained copies of the signed loan agreements including any changes to the terms and conditions of the loans; We re-performed the amortised cost calculations for mathematical accuracy and consistency with the terms of the loan agreements; We obtained the expected credit loss calculation from the Investment Advisor for each material loan and determined that the estimate and judgements applied by management specific to each loan were in accordance with IFRS 9; and We reviewed the possible default scenarios and credit risk of each loan separately and applied probabilities of default to assess the ECL over the next 12 months.	We confirmed that there were no material matters arising from our audit work on the judgments and estimates made by management regarding the expected credit loss that we wished to bring to the attention of the Committee. We confirmed that the expected credit loss was not materially misstated.

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined planning materiality for the Company to be $3.3 million (2020: $4.8 million), which is 1% (2020: 1%) of Total Equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. We believe that Total Equity provides us with the best measure of planning materiality as the Company's primary performance measures for internal and external reporting are based on Total Equity.

During the course of our audit, we reassessed initial materiality and updated its calculation to align with the year-end Total Equity figure.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% (2020: 50%) of our planning materiality, namely $1.65 million (2020: $2.4 million). Although there is no history of material misstatements, based on which our expectation of the likelihood of misstatement in the future is low and we have a strong understanding of the control environment, there were changes in circumstances or events outside the normal course of business during the prior year's audit for which the performance materiality was reduced to 50%. This has been maintained at the same level. Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the Financial Statements did not exceed our materiality level.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $0.17 million (2020: $0.24 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluated any uncorrected misstatements against both the quantitative measures of materiality discussed above and considering other relevant qualitative considerations in forming our opinion.

Other information
The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement
ISAs (UK) require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out in the Report of the Directors;

- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate, set out in the Report of the Directors;

- Directors' statement on fair, balanced and understandable, set out in the Report of the Directors;

- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out in the Report of the Directors;

- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out in the Corporate Governance Report; and;

- The section describing the work of the audit committee set out in the Audit Committee Report.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement set out in the Report of the Directors, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal controls as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and the Investment Adviser. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies (Guernsey) Law, 2008, the 2018 UK Corporate Governance Code and the listing requirements of London Stock Exchange and the Disclosure Guidance and Transparency Rules of the UK Listing Authority.

- We understood how the Company is complying with those frameworks by making enquiries of the Investment Adviser and those charged with governance regarding:
  - their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the Financial Statements;
  - the Company's methods of enforcing and monitoring non-compliance with such policies;
  - management's process for identifying and responding to fraud risks, including programs and controls the Company has established to address risks identified by the entity, or that otherwise prevent, deter and detect fraud; and
  - how management monitors those programs and controls.

- Administration and maintenance of the Company's books and records is performed by Northern Trust International

Fund Administration Services (Guernsey) Limited which is a regulated firm, independent of the Investment Adviser. We corroborated our enquiries through our review of Board minutes and any correspondence received from regulatory bodies. We also obtained their SOC1 controls report and reviewed it for findings relevant to the Company. We noted no contradictory evidence during these procedures.

- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by:
  - obtaining an understanding of entity-level controls and considering the influence of the control environment;
  - obtaining management's assessment of fraud risks including an understanding of the nature, extent and frequency of such assessment documented in the Board's risk matrix;
  - making inquiries with those charged with governance as to how they exercise oversight of management's processes for identifying and responding to fraud risks and the controls established by management to mitigate specifically those risks the entity has identified, or that otherwise help to prevent, deter and detect fraud;
  - making inquiries with management and those charged with governance regarding how they identify related parties including circumstances related to the existence of a related party with dominant influence; and
  - making inquiries with management and those charged with governance regarding their knowledge of any actual or suspected fraud or allegations of fraudulent financial reporting affecting the Company.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures involved a review of Board minutes and inquiries of the Investment Adviser and those charged with governance including:
  - Through discussion, gaining an understanding of how those charged with governance, the Investment Adviser and Administrator identify instances of non-compliance by the Company with relevant laws and regulations;
  - Inspecting the relevant policies, processes and procedures to further our understanding;
  - Reviewing Board minutes and internal compliance reporting;
  - Inspecting correspondence with regulators; and
  - Obtaining relevant written representations from the Board of Directors.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Jonathan Dann, FCA
for and on behalf of Ernst & Young LLP
Guernsey, Channel Islands

18 May 2021

1. The maintenance and integrity of the JZ Capital Partners Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

2. Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Independent Auditors Report for audit conducted in accordance with auditing standards generally accepted in the United States[1]

To The Directors of JZ Capital Partners Limited
We have audited the accompanying financial statements of JZ Capital Partners Limited (the "Company"), which comprise the statement of financial position as of 28 February, 2021, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards as adopted by the European Union ("IFRS"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JZ Capital Partners Limited at 28 February 2021, and the results of its operations, changes in its equity, and its cash flows for the year then ended, in conformity with IFRS.

Ability to Continue as a Going Concern
The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 in the financial statements, the Company has stated that there is a material uncertainty relating to whether the Company can generate sufficient cash through realisations of its underlying investments to discharge its liabilities over the period to 1 October 2022 or failing to do so can implement an alternative debt restructuring plan that will enable the Company to repay all of its debt obligations, including the redemption of its ZDP shares, over an extended timeframe, which casts significant doubt over the ability of the Company to continue as a Going Concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our opinion is not modified in respect of this matter.

Ernst & Young LLP
Guernsey, Channel Islands
18 May 2021

[1]In order to comply with the U.S. Securities and Exchange Commission's custody rule, an audit opinion was requested, by the Company's Investment Adviser, which satisfies the requirements of auditing standards generally accepted in the United States.

Statement of Comprehensive Income
For the Year Ended 28 February 2021

	Note	Year Ended 28 February 2021 US$'000	Year Ended 29 February 2020 US$'000
Income and investment and other gains			
Investment income	8	22,160	33,264
Bank and deposit interest		220	455
Realisations from investments held in escrow accounts	27	1,147	5,559

Net foreign currency exchange gains		-	664
Gain on financial liabilities at fair value through profit or loss	15	-	4,388
		23,527	*44,330*
Expenses and losses			
Net loss on investments at fair value through profit or loss	6	(126,386)	(316,506)
Expected credit losses	7	(3,062)	(29,318)
Net foreign currency exchange loss		(4,897)	-
Loss on financial liabilities at fair value through profit or loss	15	(3,618)	-
Investment Adviser's base fee	10	(9,722)	(15,224)
Investment Adviser's incentive fee	10	-	35,880
Administrative expenses	10	(4,707)	(3,708)
Directors' remuneration	10	(319)	(421)
		(152,711)	(329,297)
Operating loss		*(129,184)*	*(284,967)*
Finance costs	9	*(18,191)*	*(20,460)*
Loss before taxation		*(147,375)*	*(305,427)*
Withholding taxes	11	126	878
Loss for the year		(147,249)	(304,549)
Other comprehensive income			
Other comprehensive income that will not be reclassified to the Income Statement			
Gain on financial liabilities due to change in credit risk	15	1,074	-
Total comprehensive loss for the year		(146,175)	(304,549)
Weighted average number of Ordinary shares in issue during the year	24	77,474,175	79,053,060
Basic loss per Ordinary share	24	(190.06)c	(385.25)c
Diluted loss per Ordinary share	24	(190.06)c	(385.25)c

The accompanying notes form an integral part of the Audited Financial Statements.

Statement of Financial Position
As at 28 February 2021

	Note	**28 February 2021 US$'000**	**29 February 2020 US$'000**
Assets			
Investments at fair value through profit or loss	12	433,224	661,200
Loans at amortised cost	12	33,813	30,972
Other receivables	13	22	119
Cash at bank		59,784	52,912
Total Assets		526,843	745,203
Liabilities			
Zero Dividend Preference (2022) shares	14	74,303	64,510
Convertible Unsecured Loan Stock	15	52,430	49,886
Loans payable	16	68,694	150,362
Investment Adviser's base fee	10	573	1,179
Other payables	17	1,284	1,225
Investment Adviser's incentive fee	10	-	2,307

	Note		
Total Liabilities		197,284	269,469
Equity			
Share capital	18	216,625	216,625
Other reserve	20	354,602	353,528
Retained deficit	20	(241,668)	(94,419)
Total Equity		329,559	475,734
Total Liabilities and Equity		526,843	745,203
Number of Ordinary shares in issue at year end	18	77,474,175	77,474,175
Net Asset Value per Ordinary share	26	$4.25	$6.14

These Audited Financial Statements were approved by the Board of Directors and authorised for issuance on 18 May 2021. They were signed on its behalf by:

David Macfarlane
Chairman

Sharon Parr
Director

The accompanying notes form an integral part of the Audited Financial Statements.

Statement of Changes in Equity
For the Year Ended 28 February 2021

	Note	Share Capital US$'000	Other Reserve US$'000	Retained Deficit US$'000	Total US$'000
Balance as at 1 March 2020		216,625	353,528	(94,419)	475,734
Loss for the year		-	-	(147,249)	(147,249)
Gain on financial liabilities due to change in credit risk	15	-	1,074	-	1,074
Balance at 28 February 2021		216,625	354,602	(241,668)	329,559

Comparative for the Year ended 29 February 2020

	Note	Share Capital US$'000	Other Reserve US$'000	Retained Deficit US$'000	Total US$'000
Balance as at 1 March 2019		246,604	353,528	210,130	810,262
Loss for the year		-	-	(304,549)	(304,549)
Buy back of Ordinary shares	18	(29,979)	-	-	(29,979)
Balance at 29 February 2020		216,625	353,528	(94,419)	475,734

The accompanying notes form an integral part of the Audited Financial Statements.

Statement of Cash Flows
For the Year Ended 28 February 2021

	Note	28 February 2021 US$'000	29 February 2020 US$'000

Cash flows from operating activities			
Cash inflows			
Realisation of investments		138,336	140,296
Maturity of treasury bills		6,790	6,700
Escrow receipts received		1,147	5,559
Interest received from unlisted investments		361	1,669
Income distributions received from investments		379	1,781
Bank Interest received		220	455
Cash outflows			
Direct investments and capital calls		(17,966)	(77,110)
Purchase of treasury bills		(6,787)	(6,706)
Investment Adviser's base fee paid		(10,328)	(16,147)
Investment Adviser's incentive fee paid		(2,307)	(4,584)
Other operating expenses paid		(4,744)	(4,188)
Foreign exchange loss realised		(42)	(626)
Net cash inflow before financing activities		105,059	47,099
Cash flows from financing activities			
Repayment of senior debt facility		(82,912)	-
Finance costs paid:			
• Convertible Unsecured Loan Stock		(2,953)	(2,956)
• Loan Payable		(12,331)	(12,436)
Buy back of Ordinary shares	18	-	(29,979)
Net cash outflow from financing activities		(98,196)	(45,371)
Increase in cash and cash equivalents		6,863	1,728
Reconciliation of Net Cash Flow to Movements in Cash and Cash Equivalents			
Cash at bank at beginning of year		52,912	50,994
Increase in cash and cash equivalents as above		6,863	1,728
Unrealised foreign exchange movements on cash at bank		9	190
Cash at bank at year end		59,784	52,912

Reconciliation of cash inflows from realisations to the total realisations during the year

	Year Ended 28 February 2021 US$'000	Year Ended 29 February 2020 US$'000
Proceeds from realisation and repayment of investments (Note 12)	186,091	146,996
Less proceeds from maturity of treasury bills	(6,790)	(6,700)
Less notional cost of the Company's interest in JZHL Secondary Fund to derive at the net proceeds received from the secondary transaction being $87.7 million	(40,965)	-
Cash inflow from realisation of unlisted investments (above)	138,336	140,296
Adjusted to reconcile to totals quoted in Annual Report		
Cash inflow from realisation of unlisted investments (above)	138,336	
Escrow receipts	1,147	
Total realisations for the year (Key Highlights)	139,483	

The accompanying notes form an integral part of the Audited Financial Statements.

Notes to the Annual Financial Statements

1. General Information

JZ Capital Partners Limited ("JZCP" or the "Company") is a Guernsey domiciled closed-ended investment company which was incorporated in Guernsey on 14 April 2008 under the Companies (Guernsey) Law, 1994. The Company is now subject to the Companies (Guernsey) Law, 2008. The Company is classified as an authorised fund under the Protection of Investors (Bailiwick of Guernsey) Law 1987. The Company's Capital consists of Ordinary shares, Zero Dividend Preference ("ZDP") shares and Convertible Unsecured Loan Stock ("CULS"). The Company's shares trade on the London Stock Exchange's Specialist Fund Segment ("SFS").

The Company's new investment policy, adopted in August 2020, is for the Company to make no further investments outside of its existing obligations or to the extent that investment may be made to support selected existing portfolio investments. The intention is to realise the maximum value of the Company's investments and, after repayment of all debt, to return capital to shareholders. The Company's previous Investment Policy was to target predominantly private investments and back management teams to deliver on attractive investment propositions. In executing this strategy, the Company took a long term view. The Company looked to invest directly in its target investments and was able to invest globally but with a particular focus on opportunities in the United States and Europe.

The Company is currently mainly focused on supporting its investments in the following areas:
(a) small or micro-cap buyouts in the form of debt and equity and preferred stock in both the US and Europe; and
(b) real estate interests.

The Company has no direct employees. For its services the Investment Adviser receives a management fee and is also entitled to performance related fees (Note 10). The Company has no ownership interest in the Investment Adviser. During the period under review the Company was administered by Northern Trust International Fund Administration Services (Guernsey) Limited.

2. Basis of Accounting and Significant Accounting Policies

Statement of compliance
The Financial Statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") together with applicable legal and regulatory requirements of Guernsey Law, and the SFS.

Basis of preparation
The Financial Statements of the Company have been prepared in accordance with IFRS. The Financial Statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities held at fair value through profit or loss ("FVTPL").

The Financial Statements are presented in US dollars, which is the functional currency of the Company, and all values are presented to the nearest thousand dollars ($000), except where otherwise indicated.

The Company presents its Statement of Cash Flows statement on a direct-basis.

The Company's Statement of Financial Position's is presented in order of liquidity, which provides information in a format that is deemed relevant to the Company.

New and amended standards and interpretations
The Company applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The new standards or amendments to existing standards and interpretations, effective from 1 March 2020, did not have a material impact of the Company's Financial Statements. The Company has assessed the impact of standards issued but not yet applicable, and have concluded that they will not have a material impact on the Financial Statements.

Changes in accounting policy and disclosure
The accounting policies adopted in the preparation of these Audited Annual Financial Statements have been consistently applied during the year and are consistent with those of the previous year, unless otherwise stated.

Significant Accounting Policies

Financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master

netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the Statement of Financial Position.

In accordance with IFRS 9 - "Financial Instruments", the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

Financial assets
The Company classifies its financial assets as subsequently measured at amortised cost or measured at FVTPL on the basis of both:
- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

i) Financial assets measured at amortised cost
A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal ("SPPI") amount outstanding. The Company includes in this category loans at amortised cost, short-term non-financing receivables and other receivables.

ii) Financial assets measured at FVTPL
A financial asset is measured at fair value through profit or loss if:

- Its contractual terms do not give rise to cash flows on specified dates that are SPPI on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ii a) Classification
Financial assets classified at FVTPL are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's investment strategy as documented in its prospectus.

The Company includes in this category:

Investments in the equity and preferred stock of micro cap, real estate and other investments;

Investments in subsidiaries and associates:
- Investment in subsidiaries: In accordance with the exception under IFRS 10 - "Consolidated Financial Statements", the Company does not consolidate subsidiaries in the financial statements unless the subsidiary is not itself an investment entity and its main purpose and activities are providing services that relate to the Company's investment activities. The Company has no consolidated subsidiaries.
- Investment in associates: In accordance with the exemption in IAS28 - "Investments in Associates and Joint Ventures", the Company does not account for its investments in associates using the equity method. Instead, the Company has elected to measure its investments in associates at FTVPL.
- Investments in debt instruments which include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

ii b) Measurement
Investments made by the Company are measured initially and subsequently at fair value, with changes in fair value taken to the Statement of Comprehensive Income. Transaction costs are expensed in the year in which they arise for those financial instruments classified at FVTPL.

ii c) Fair value estimate
The fair value of financial assets traded in active markets (such as publicly traded securities) is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the Company is the bid price.

Unquoted preferred shares, micro cap loans, unquoted equities and equity related securities investments are typically valued by reference to their enterprise value, which is generally calculated by applying an appropriate multiple to the last twelve months' earnings before interest, tax, depreciation and amortisation ("EBITDA"). In determining the multiple, the Directors consider inter alia, where practical, the multiples used in recent transactions in comparable unquoted companies, previous valuation multiples used and where appropriate, multiples of comparable publicly traded companies. In accordance with the International Private Equity and Venture Capital Association ("IPEVCA") valuation guidelines, a marketability discount is applied which reflects the discount that in the opinion of the Directors, market participants would apply in a transaction in the investment in question.

The valuation techniques to derive the fair value of real estate interests and other investments are detailed in Note 5.

iii) Other receivables
Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

iv) Cash on deposit and cash and cash equivalents
Cash on deposit comprises bank deposits with an original maturity of three months or more. Cash and cash equivalents comprise bank balances and cash held by the Company, including short-term bank deposits with a maturity of three months or less. Cash also includes amounts held in interest-bearing overnight accounts.

Financial liabilities
For financial liabilities designated as FVTPL using the fair value option ("FVO"), the amount of change in the fair value of such financial liabilities that is attributable to changes in the Company's credit risk must be presented in Other Comprehensive Income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities, other than CULS (see below) are recorded at the amount of proceeds received, net of issue costs.

Financial liabilities may be designated at fair value through profit or loss rather than stated at amortised cost, when the Board have considered the appropriate accounting treatment for the specific liability.

i) Financial liabilities measured at FVTPL
Convertible Unsecured Loan Stock ("CULS")
The CULS issued by the Company is denominated in a currency (GBP) other than the Company's functional currency and hence fails the 'fixed-for-fixed' criteria for equity classification. Rather than account for the host debt and embedded conversion element separately, the Company elects to account for the CULS in its entirety in accordance with the IFRS 9 'Fair Value Option'.

The CULS' fair value is deemed to be the listed offer price at the year end. CULS is translated at the exchange rate at the reporting date and both differences in fair value due to the listed offer price and exchange rates are recognised in the Statement of Comprehensive Income. Changes in fair value due to changes in credit risk are presented as Other Comprehensive Income.

ii) Financial liabilities measured at amortised cost
This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category, Zero Dividend Preference ("ZDP") shares, senior debt facility and other short-term payables.

a) Zero Dividend Preference ("ZDP") shares
   ZDP shares meet the definition of a financial liability in accordance with IAS 32 - "Financial Instruments: Presentation", as the shares are redeemable at a fixed date and holders are entitled to a fixed return. ZDP shares are recorded at amortised cost using the effective interest rate method.

b) Senior debt facility
   The loan is recorded at amortised cost using the effective interest rate method.

c) Other payables
   Other payables (include the accrual of Investment Adviser's fees) are classified as financial liabilities at amortised cost. Other payables are not interest-bearing and are stated at their nominal value.

Equity

Equity is classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity are recorded at the amount of proceeds received, net of issue costs. Ordinary Shares are classified as equity in accordance with IAS 32 – "Financial Instruments: Presentation" as these instruments include no contractual obligation to deliver cash and the redemption mechanism is not mandatory.

Interest revenue
Interest revenues are recognised in the Statement of Comprehensive Income for all interest-bearing financial instruments using the effective interest method.

Dividend income
Dividend income is recognised when the Company's right to receive payment is established. When there is reasonable doubt that income due to be received will actually be received, such income is not accrued until it is clear that its receipt is probable. Where, following an accrual of income, receipt becomes doubtful, the accrual is either fully or partly written off until the reasonable doubt is removed.

Escrow accounts
Where investments are disposed of, the consideration given may include contractual terms requiring that a percentage of the consideration is held in an escrow account pending resolution of any indemnifiable claims that may arise and as such the value of these escrow amounts is not immediately known. The Company records gains realised on investments held in escrow in the Statement of Comprehensive Income following confirmation that any such indemnifiable claims have been resolved and none is expected in the future.

Taxation
The Company has been granted Guernsey tax exempt status in accordance with The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 (as amended). However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Company presents the withholding tax separately from the gross investment income in the Statement of Comprehensive Income.

3. Estimates and Judgements
The preparation of the Company's financial statements requires management to make estimates, judgements, and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The following are the key judgements and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates
Fair Value of Investments at Fair Value Through Profit or Loss
Certain investments are classified as FVTPL, and valued accordingly, as disclosed in Note 2. The key source of estimation uncertainty is on the valuation of unquoted equities, equity-related securities and real estate investments.

In reaching its valuation of the unquoted equities, equity-related securities and real estate investments the key estimates management has to make are those relating to the multiples, discount factors and real estate valuation factors (Note 5) used in the valuation models.

Expected Credit Losses ("ECL")
Certain financial assets are classified as Loans at Amortised cost, and valued accordingly as disclosed in Note 2. The key source of estimation uncertainty is on the various default scenarios for prescribed future periods and the probability of each scenario occurring which are considered when estimating the ECLs.

Judgements
Assessment as an Investment Entity
Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and

- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company has a wide range of investors; through its Investment Adviser management services it enables investors to access private equity, real estate and similar investments.

The Company's objective to provide a "significant capital appreciation" is consistent with that of an investment entity. The Company has clearly defined exit strategies for each of its investment classes, these strategies are again consistent with an investment entity.

In determining the fair value of unlisted investments JZCP follows the principles of IPEVCA valuation guidelines. The Valuation Guidelines have been prepared with the goal that Fair Value measurements derived when using these Valuation Guidelines are compliant with IFRS. The Board of JZCP evaluates the performance of unlisted investments quarterly on a fair value basis. Listed investments are recorded at Fair Value in accordance with IFRS being the last traded market price where this price falls within the bid-ask spread.

The Board has also concluded that the Company meets the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities and it has more than one investor.

Investment in Associates
An associate is an entity over which the Company has significant influence. An entity is regarded as a subsidiary only if the Company has control over its strategic, operating and financial policies and intends to hold the investment on a long-term basis for the purpose of securing a contribution to the Company's activities.

In accordance with the exemption within IAS 28 - "Investments in Associates and Joint Ventures", the Company does not account for its investment in EuroMicrocap Fund 2010 L.P., JZHL Secondary Fund, JZI Fund III GP, L.P., Spruceview Capital Partners, LLC and Orangewood Partners Platform LLC using the equity method. Instead, the Company has elected to measure its investment in its associates at FVTPL.

The Directors have determined that although the Company has over 50% economic interest in EuroMicrocap Fund 2010, L.P., JZI Fund III GP, L.P. and Orangewood Partners Platform LLC, it does not have the power to govern the financial and operating policies of the entities, but does have significant influence over the strategic, operating and financial policies.

Going Concern
A fundamental principle of the preparation of financial statements in accordance with IFRS is the judgement that an entity will continue in existence as a going concern for a period of at least 12 months from signing of the financial statements, which contemplates continuity of operations and the realisation of assets and settlement of liabilities occurring in the ordinary course of business.

Due to the uncertainty that the Company will not have sufficient liquidity to repay its outstanding debt on maturity, including the redemption of its ZDP shares (due 1 October 2022), nor be able to restructure/extend the debt for redemption beyond the going concern period, there is a material uncertainty which casts significant doubt on the ability of the Company to continue as a going concern. However, the Financial Statements for the year ended 28 February 2021 have been prepared on a going concern basis given the Board's assessment set out below and as the Board, with recommendation from the Audit Committee, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In reaching its conclusion, the Board have considered the risks that could impact the Company's liquidity over the period to 1 October 2022. This period, which is longer than the required period of 12 months, has been considered to be relevant due to the repayment date for the Company's ZDP shares being approximately 4 months after the 12-month period.

As part of their assessment the Audit Committee highlighted the following key consideration:

Whether the Company can generate sufficient cash through realisations of its underlying investments to discharge its liabilities over the period to 1 October 2022 or failing to do so can implement an alternative debt restructuring plan that will enable the Company to repay all of its debt obligations, including the redemption of its ZDP shares, over an extended timeframe.

Update on material liabilities due for settlement and post year-end restructure
The Company's material debt obligations and cash and cash equivalents at the year end, prior year end and a forecasted position post the proposed debt restructure (detailed below) are as follows:

	31.7.2021[1]	28.2.2021	29.2.2020
	$'000	$'000	$'000
ZDP Shares - maturity date 1 October 2022 - redemption amount of £57.6 million[2]	80,527	80,527	73,569
Loan Notes – maturity date 11 September 2022	31,500	-	-
Senior Debt Facility - maturity date 12 June 2022	68,694	-	-
CULS - maturity date 30 July 2021 - redemption amount of £38.9 million	-	54,332	49,637
Senior Debt Facility – current interim maturity date 25 June 2021	-	68,694	150,362
	180,721	203,553	273,568
Cash and cash equivalents held	36,600	63,178	56,298

[1]Forecast cash position assumes no material realisation proceeds received prior to the CULS redemption.
[2]Forecast ZDP maturity Dollar amount translated using the 28.2.2021 year end rate being £1/$1.3981.

During the year ended 28 February 2021, the Company had realisations of investments totalling $139.5 million, this included $87.7 million from the successfully concluded Secondary Sale of interests in certain US microcap portfolio companies. Following these investment realisations, the Company has repaid a total of $82.9 million of the senior debt's outstanding principal amount.

On 23 October 2020, the Company announced that the Company agreed with its senior lenders, Guggenheim Partners (the "Original lenders") amended terms of the senior debt facility. Under the terms of those amendments to the senior debt facility, $40 million of the outstanding principal amount was assigned from the original lenders to clients and funds advised by Cohanzick Management, LLC and CrossingBridge Advisors, LLC (the "Replacement lenders"). As part of this transaction, and at an increased interest cost, the Company secured more advantageous covenant terms for itself, including the minimum asset coverage covenant being reset (from not less than 4x to a lower requirement of 3.5x) and a relaxation of rating requirements, removal of certain concentration limits, updates to the use of proceeds requirements pertaining to asset sales to preserve liquidity, and reduced requirements related to its real estate collateral and reporting on investments. On 23 February 2021, the Company then announced that the replacement lenders had acquired the remaining interest in the Company's senior debt facility from the Original Lenders.

Post year end, the Company also entered into an amendment agreement with its replacement lenders to amend the terms of its senior debt facility which will, among other things, extend (subject to certain conditions including shareholder approval of the Loan Note proposal referred to below) the maturity date of the senior debt facility by one year until 12 June 2022 and permit JZCP to repay its CULS when they become due on their maturity date of 30 July 2021, notwithstanding that the CULS are subordinated to the senior debt facility.

Post year end, the Company also entered into a note purchase agreement with David W. Zalaznick and John (Jay) Jordan II, the founders and principals of the Company's investment adviser, Jordan/Zalaznick Advisers, Inc. ("JZAI"), pursuant to which they have agreed to purchase directly or through their affiliates, subordinated, second lien loan notes in the amount of $31.5 million, with an interest rate of 6 per cent. per annum and maturing on 11 September 2022 (the "Loan Notes").

Their purchase of the Loan Notes is subject to a number of conditions, including shareholder approval of both the Loan Note proposal and a proposal for Jay Jordan and David Zalaznick or their affiliates to assume the Company's remaining commitment to the Orangewood Fund, with the latter also being a requirement of the amendments to the senior debt facility.

The Board acknowledges that the new maturity date of the senior debt facility and the Loan Notes still fall within the going concern period and therefore the Company will still need to generate sufficient realisation proceeds, within the period, to repay its debt obligations or make alternative debt arrangements with lenders post 1 October 2022.

Considering the Company's projected cash position, ongoing operating costs and the anticipated further investment required to support the Company's portfolio the Board anticipate further proceeds of approx. $185 million are required from the realisation of investments to enable the Company to settle its debts as they fall due.

It is anticipated that the liquidity required to settle the debt obligations mentioned above, and other ongoing obligations in 2022, will be generated from realisations within the 16 month going concern period. The Company's investment adviser, JZAI, is currently pursuing various opportunities to realise value, these forecast realisations include several anticipated sales of micro-cap companies. Total realisation proceeds of approximately $275 million are forecast, over the going concern period, from the aforementioned events.

The Board continue to consider the levels of realisation proceeds historically generated by the Company’s micro-cap portfolios as well as the accuracy of previous forecasts whilst concluding on the predicted accuracy of forecasts presented.

The Board recognise, under current market conditions, the raising of the required total realisation amount is a considerable task but remains confident in the value of its underlying micro-cap investments and are buoyed by their post COVID performance.

The restructuring of the Company's debt structure, following satisfaction of closing conditions, will enable the Company to realise investments in a timeframe that will help maximise the portfolio's value. In the instance that sufficient realisations proceeds are not raised, in the going concern period, to meet the Company's debt liabilities, the Board are confident the Company can work to ensure alternative financing plans are in place.

Going Concern Conclusion
After careful consideration and based on the reasons outlined above, the Board are satisfied, as at the date of the signing of the Annual Report and Financial Statements, that it is appropriate to adopt the going concern basis in preparing the financial statements and they have a reasonable expectation that the Company will continue in existence as a going concern for the period ending 1 October 2022.

However, the Board have concluded that the following consideration creates a material uncertainty which casts significant doubt over the ability of the Company to continue as a Going Concern, being:

Whether the Company can generate sufficient cash through realisations of its underlying investments to discharge its liabilities over the period to 1 October 2022 or failing to do so can implement an alternative debt restructuring plan that will enable the Company to repay all of its debt obligations, including the redemption of its ZDP shares, over an extended timeframe.

The Financial Statements do not include any adjustments that might result from the outcome of this uncertainty.

4. Segment Information
The Investment Manager is responsible for allocating resources available to the Company in accordance with the overall business strategies as set out in the Investment Guidelines of the Company. The Company is organised into the following segments:

- Portfolio of US micro-cap investments
- Portfolio of European micro-cap investments
- Portfolio of Real estate investments
- Portfolio of Other investments - (not falling into above categories)

The investment objective of each segment is to achieve consistent medium-term returns from the investments in each segment while safeguarding capital by investing in a diversified portfolio.

Investments in treasury bills and corporate bonds are not considered as part of the investment strategy and are therefore excluded from this segmental analysis.

Segmental Profit/(Loss)

For the year ended 28 February 2021

	US Micro-Cap US$ '000	**European Micro-Cap US$ '000**	**Real Estate US$ '000**	**Other Investments US$ '000**	**Total US$ '000**
Interest revenue	19,132	2,638	-	-	21,770
Other portfolio income	379	-	-	-	379
Total segmental revenue	19,511	2,638	-	-	22,149
Net (loss)/gain on investments at FVTPL	(13,772)	11,819	(124,420)	(13)	(126,386)
Expected credit losses	-	(3,062)	-	-	(3,062)
Realisations from investments held in Escrow	1,147	-	-	-	1,147

Withholding tax	126	-	-	-	126
Investment Adviser's base fee	(5,839)	(1,642)	(1,187)	(346)	(9,014)
Total segmental operating profit/(loss)	1,173	9,753	(125,607)	(359)	(115,040)

For the year ended 29 February 2020

	US Micro-Cap US$ '000	European Micro-Cap US$ '000	Real Estate US$ '000	Other Investments US$ '000	Total US$ '000
Interest revenue	27,372	4,499	(454)	-	31,417
Other portfolio income	560	1,221	-	-	1,781
Total segmental revenue	27,932	5,720	(454)	-	33,198
Net gain/(loss) on investments at FVTPL	12,459	1,941	(330,906)	-	(316,506)
Expected credit losses	-	(29,318)	-	-	(29,318)
Realisations from investments held in Escrow	5,559	-	-	-	5,559
Withholding tax	(126)	-	-	1,004	878
Investment Adviser's base fee	(6,454)	(1,583)	(5,860)	(307)	(14,204)
Investment Adviser’s capital incentive fee	-	-	35,880	-	35,880
Total segmental operating profit/(loss)	39,370	(23,240)	(301,340)	697	(284,513)

Certain income and expenditure is not considered part of the performance of an individual segment. This includes net foreign exchange gains, interest on cash, finance costs, and expenses other than the Investment Adviser fees which can be allocated to an individual segment.

The following table provides a reconciliation between total segmental operating loss and operating loss.

	28.2.2021 US$ '000	29.2.2020 US$ '000
Total Segmental Operating Loss	(115,040)	(284,513)
(Loss)/Gain on financial liabilities at fair value through profit or loss	(3,618)	4,388
Net foreign exchange (loss)/gain	(4,897)	664
Interest on treasury notes and corporate bonds	11	66
Interest on cash	220	455
Fees payable to investment adviser based on non-segmental assets	(708)	(1,020)
Expenses not attributable to segments	(5,026)	(4,129)
Withholding tax	(126)	(878)
Operating Loss	(129,184)	(284,967)

The following table provides a reconciliation between total segmental revenue and Company revenue.

	28.2.2021 US$ '000	29.2.2020 US$ '000
Total segmental revenue	22,149	33,198
Non-segmental revenue		
Interest on treasury bills	11	66
Bank and deposit interest	220	455
Total revenue	22,380	33,719

Segmental Net Assets

At 28 February 2021

	US Micro-Cap	European Micro-Cap	Real Estate	Other Investments	Total
Segmental assets	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
Investments at FVTPL	299,339	83,968	23,376	23,147	429,830
Loans at amortised cost	-	33,813	-	-	33,813
Total segmental assets	299,339	117,781	23,376	23,147	463,643
Segmental liabilities					
Payables and accrued expenses	(771)	(101)	(43)	(21)	(936)
Total segmental liabilities	(771)	(101)	(43)	(21)	(936)
Total segmental net assets	298,568	117,680	23,333	23,126	462,707

At 29 February 2020

	US Micro-Cap	European Micro-Cap	Real Estate	Other Investments	Total
Segmental assets	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
Investments at FVTPL	404,880	71,619	158,712	22,603	657,814
Loans at amortised cost	-	30,972	-	-	30,972
Other receivables	-	-	80	-	80
Total segmental assets	404,880	102,591	158,792	22,603	688,866
Segmental liabilities					
Payables and accrued expenses	(3,290)	(113)	(501)	(23)	(3,927)
Total segmental liabilities	(3,290)	(113)	(501)	(23)	(3,927)
Total segmental net assets	401,590	102,478	158,291	22,580	684,939

Other receivables and prepayments are not considered to be part of individual segment assets. Certain liabilities are not considered to be part of the net assets of an individual segment. These include custodian and administration fees payable, directors' fees payable and other payables and accrued expenses.

The following table provides a reconciliation between total segmental assets/liabilities and total assets/liabilities.

	28.2.2021 US$ '000	29.2.2020 US$ '000
Total Segmental Assets	463,643	688,866
Non Segmental Assets		
Cash at bank	59,784	52,912
Treasury bills	3,394	3,386
Other receivables	22	39
Total Assets	526,843	745,203
Total Segmental Liabilities	(936)	(3,927)
Non Segmental Liabilities		
Zero Dividend Preference (2022) shares	(74,303)	(64,510)
Convertible Unsecured Loan Stock	(52,430)	(49,886)
Loans payable	(68,694)	(150,362)
Other payables	(921)	(784)
Total Liabilities	(197,284)	(269,469)
Total Net Assets	329,559	475,734

5. Fair Value of Financial Instruments

The Company classifies fair value measurements of its financial instruments at FVTPL using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The financial assets valued at FVTPL are analysed in a fair value hierarchy based on the following levels:

Level 1
Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2
Those involving inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). For example, investments which are valued based on quotes from brokers (intermediary market participants) are generally indicative of Level 2 when the quotes are executable and do not contain any waiver notices indicating that they are not necessarily tradable. Another example would be derivatives such as interest rate swaps or forward currency contracts where inputs are observable and therefore may also fall into Level 2.

Level 3
Those involving inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). Investments in JZCP's portfolio valued using unobservable inputs such as multiples, capitalisation rates, discount rates (see Quantitative information of significant unobservable inputs and sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy table below) fall within Level 3.

Differentiating between Level 2 and Level 3 fair value measurements i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value including consideration of factors specific to the asset or liability.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Financial assets at 28 February 2021

	Level 1	Level 2	Level 3	Total
	US$ '000	US$ '000	US$ '000	US$ '000
US micro-cap	-	-	299,339	299,339
European micro-cap	-	-	83,968	83,968
Real estate	-	-	23,376	23,376
Other investments	-	-	23,147	23,147
Listed investments	3,394	-	-	3,394
	3,394	-	429,830	433,224

Financial assets at 29 February 2020

	Level 1	Level 2	Level 3	Total
	US$ '000	US$ '000	US$ '000	US$ '000
US micro-cap	-	-	404,880	404,880
European micro-cap	-	-	71,619	71,619
Real estate	-	-	158,712	158,712
Other investments	-	-	22,603	22,603
Listed investments	3,386	-	-	3,386
	3,386	-	657,814	661,200

Financial liabilities designated at fair value through profit or loss at inception

Financial liabilities at 28 February 2021

	Level 1	Level 2	Level 3	Total
	US$ '000	US$ '000	US$ '000	US$ '000
Convertible Subordinated Unsecured Loan Stock	-	52,430	-	52,430
	-	52,430	-	52,430

Financial liabilities at 29 February 2020

	Level 1 US$ '000	Level 2 US$ '000	Level 3 US$ '000	Total US$ '000
Convertible Subordinated Unsecured Loan Stock	-	49,886	-	49,886
	-	49,886	-	49,886

Valuation techniques

In valuing investments in accordance with IFRS, the Board follows the principles as detailed in the IPEVCA guidelines.

When fair values of listed equity and debt securities at the reporting date are based on quoted market prices or binding dealer price quotations (bid prices for long positions), without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy.

Investments for which there are no active markets are valued according to one of the following methods:

Real estate

JZCP makes its real estate investments through a wholly-owned subsidiary, which in turn owns interests in various residential, commercial, and development real estate properties. The net asset value of the subsidiary is used for the measurement of fair value. The underlying fair value of JZCP's Real Estate holdings, however, is represented by the properties themselves. The Company's Investment Adviser and Board review the fair value methods and measurement of the underlying properties on a quarterly basis. Where available, the Company will use third party appraisals on the subject property, to assist the fair value measurement of the underlying property. Third-party appraisals are prepared in accordance with the Appraisal and Valuation Standards (6th edition) issued by the Royal Institution of Chartered Surveyors. Fair value techniques used in the underlying valuations are:

- Use of comparable market values per square foot of properties in recent transactions in the vicinity in which the property is located, and in similar condition, of the relevant property, multiplied by the property's square footage.
- Discounted Cash Flow ("DCF") analysis, using the relevant rental stream, less expenses, for future periods, discounted at a Market Capitalisation ("MC") rate, or interest rate.
- Relevant rental stream less expenses divided by the market capitalization rate; this method approximates the enterprise value construct used for non-real estate assets.
- Income capital approach using the relevant sell out analysis, less expenses and costs.

For each of the above techniques third party debt is deducted to arrive at fair value.

The valuations obtained in relation to the real estate portfolio are dated 31 August 2020, rather than the usual 31 December date. The Board, commissioned updated appraisals in order to take into account the effect of COVID-19 whilst releasing the interim results. Subsequent discussions with appraisers indicate there would be no significant change in property values between 31 August 2020 and 28 February 2021. Due to the inherent uncertainties of real estate valuation, the values reflected in the financial statements may differ significantly from the values that would be determined by negotiation between parties in a sales transaction and those differences could be material.

Unquoted preferred shares, unquoted equities and equity related securities

Unquoted equities and equity related securities investments are classified in the Statement of Financial Position as Investments at fair value through profit or loss. These investments are typically valued by reference to their enterprise value, which is generally calculated by applying an appropriate multiple to the last twelve months' earnings before interest, tax, depreciation and amortisation ("EBITDA"). In determining the multiple, the Board consider inter alia, where practical, the multiples used in recent transactions in comparable unquoted companies, previous valuation multiples used and where appropriate, multiples of comparable publicly traded companies. In accordance with IPEVCA guidelines, a marketability discount is applied which reflects the discount that in the opinion of the Board, market participants would apply in a transaction in the investment in question. The increase of the fair value of the aggregate investment is reflected through the unquoted equity component of the investment and a decrease in the fair value is reflected across all financial instruments invested in an underlying company.

In respect of unquoted preferred shares the Company values these investments at fair value by reference to the attributable enterprise value as the exit strategy in respect to these investments would be a one tranche disposal together with the equity component. The fair value of the investment is determined by reference to the attributable enterprise value reduced by senior debt and marketability discount.

Micro-cap loans

Investments in micro-cap debt are valued at fair value by reference to the attributable enterprise value when the Company also holds an equity position in the investee company.

When the Company invests in micro-cap loans and does not hold an equity position in the underlying investee company these loans are valued at amortised cost in accordance with IFRS 9 (Note 2). The carrying value at amortised cost is considered to approximate to fair value.

Other Investments

Other investments at year end, comprise of mainly the Company's investment in the asset management business - Spruceview Capital Partners ("Spruceview"). Spruceview is valued using a valuation model which considers both current assets under management ("AUM") and the potential for new AUM.

Quantitative information of significant unobservable inputs and sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

The significant unobservable inputs used in fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity as at 28 February 2021 and 29 February 2020 are shown below:

	Value 28.2.2021	Valuation	Unobservable	Range (weighted average)	Sensitivity	Effect on Fair Value	
	US$'000	Technique	input		Used	US$'000	
US micro-cap investments	299,339	EBITDA Multiple	Average EBITDA Multiple of Peers	7.5% - 13.5% (9.6x)	-0.5x/+0.5x	(26,888)	22,859
			Discount to Average Multiple	10% - 30% (17%)	+5%/-5%	(36,420)	35,604
European micro-cap investments	80,689	EBITDA Multiple	Average EBITDA Multiple of Peers	7.4x - 14.0x (10.0x)	-0.5x/+0.5x	(4,615)	4,597
			Discount to Average Multiple	11% - 69% (29%)	+5%/-5%	(4,225)	4,205
Real estate[1,2]	23,376	Cap Rate/Income Approach	Capitalisation Rate	5.25% - 6.25% (5.94%)	+50bps/-50bps	(7,925)	9,834
Other investments[3]	21,938	AUM Approach	AUM	$3.8Bn	-10%/+10%	(4,989)	4,989
			% Applied to AUM	2%	-10%/+10%	(2,194)	2,194

	Value 29.2.2020	Valuation	Unobservable	Range (weighted average)	Sensitivity	Effect on Fair Value	
	US$'000	Technique	input		Used	US$'000	
US micro-cap investments	404,880	EBITDA Multiple	Average EBITDA Multiple of Peers	6.5% - 16.3% (8.7x)	-0.5x/+0.5x	(32,240)	33,918
			Discount to Average Multiple	10% - 30% (17%)	+5%/-5%	(39,497)	40,898

European micro-cap investments	71,619	EBITDA Multiple	Average EBITDA Multiple of Peers	6.7x - 14.0x (10.0x)	-0.5x/+0.5x	(4,210)	4,210
			Discount to Average Multiple	3% - 58% (16%)	+5%/-5%	(4,380)	4,380
Real estate[1,2]	73,126	Comparable Sales	Market Value Per Square Foot	$268 - $1,964 ($795) per sq ft	-10%/+10%	(21,188)	22,717
	45,283	DCF Model/Income Approach	Capitalisation Rate	5.25% - 5.75% (5.5%)	+50bps/-50bps	(19,797)	27,497
		Cap Rate/Income Approach	Discount Rate	6.25% - 7.50% (6.5%)	+50bps/-50bps	(13,671)	16,084
	32,518		Capitalisation Rate	4.75% - 6.0% (5.75%)			
Other investments	20,338	AUM Approach	AUM	$3.2 Bn	-10%/+10%	(4,065)	4,065
			% Applied to AUM	2.60%	-10%/+10%	(2,034)	2,034

[1] The Fair Value of JZCP's investment in financial interests in Real Estate is measured as JZCP's percentage interest in the value of the underlying properties.
[2] Sensitivity is applied to the property value and then the debt associated to the property is deducted before the impact to JZCP's equity value is calculated. Due to gearing levels in the property structures an increase in the sensitivity of measurement metrics at property level will result in a significantly greater impact at JZCP's equity level.
[3] JZCP's investment in Spruceview.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting year.

Year ended 28 February 2021

	US Micro-Cap US$ '000	European Micro-Cap US$ '000	Real Estate US$ '000	Other Investments US$ '000	Total US$ '000
At 1 March 2020	404,880	71,619	158,712	22,603	657,814
Investments in year including capital calls	3,629	9,858	2,639	1,840	17,966
Payment In Kind ("PIK")	20,027	-	-	-	20,027
Proceeds from investments realised	(114,170)	(9,328)	(13,555)	(1,283)	(138,336)
Net (losses)/gains on investments	(13,772)	11,819	(124,420)	(13)	(126,386)
Movement in accrued interest	(1,255)	-	-	-	(1,255)
At 28 February 2021	299,339	83,968	23,376	23,147	429,830

Year ended 29 February 2020

	US Micro-Cap US$ '000	European Micro-Cap US$ '000	Real Estate US$ '000	Other Investments US$ '000	Total US$ '000

At 1 March 2019	478,970	70,686	443,044	18,302	1,011,002
Investments in year including capital calls	9,678	12,635	51,196	4,301	77,810
Payment In Kind ("PIK")	26,205	-	-	-	26,205
Proceeds from investments realised	(122,031)	(13,643)	(4,622)	-	(140,296)
Net gains/(losses) on investments	12,459	1,941	(330,906)	-	(316,506)
Movement in accrued interest	(401)	-	-	-	(401)
At 29 February 2020	404,880	71,619	158,712	22,603	657,814

Fair value of Zero Dividend Preference ("ZDP") shares
The fair value of the ZDP shares is deemed to be their quoted market price. As at 28 February 2021, the offer price for the ZDP (2022) shares was £3.80 (29 February 2020: £4.34) the total fair value of the ZDP shares was $63,263,000 (29 February 2020: $66,010,000) which is $11,040,000 lower (29 February 2020: $1,500,000 higher) than the liability recorded in the Statement of Financial Position.

ZDP shares are recorded at amortised cost and would fall in to the Level 1 hierarchy if valued at FVTPL.

6. Net Loss on Investments at Fair Value Through Profit or Loss

	Year Ended 28.2.2021 US$ '000	**Year Ended 29.2.2020 US$ '000**
Net loss on investments held in investment portfolio at year end		
Net movement in unrealised gains/(loss) positions during year	199,715	(342,851)
Net unrealised (loss)/gain in prior years now realised	(215,285)	13,576
Net unrealised loss on investments held at the year end	(15,570)	(329,275)
Gains on investments realised in year		
Proceeds from investments realised	179,301	140,296
Cost of investments realised	(505,402)	(113,951)
Net realised (loss)/gain	(326,101)	26,345
Net unrealised loss/(gain) in prior years now realised	215,285	(13,576)
Total (loss)/gain in the year on investments realised	(101,816)	12,769
Net loss on investments during the year	(126,386)	(316,506)

The losses recorded for the years ended 28 February 2021 and 29 February 2020 are predominantly attributable to valuation write downs in the Company's real estate portfolio.

7. Expected credit losses

	Year Ended 28.2.2021 US$ '000	**Year Ended 29.2.2020 US$ '000**
Impairments on loans during year	3,062	29,318

Expected Credit Losses ("ECLs") are recognised in three stages. Stage one being for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). Stage two being for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). Stage three being credit exposures which are considered credit-impaired, interest revenue is calculated based on the amortised cost (i.e. the gross carrying amount less the loss allowance). Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognised on these financial assets.

During the year, the Company has determined that the credit risk relating to its loan in Xacom has significantly increased and is now therefore classified at Stage 2, consequently expected losses of $2.3 million have been recognised. Other loans are classified at Stage 1 and expected losses of $0.8 million have been recognised on these credit exposures. During the prior year, as from 1 June 2019, the Company recognised ECLs on its investment in Ombuds per the stage two methodology due to the likelihood that the portfolio company would enter bankruptcy (which it did in the summer of 2019). As from 1 December 2019, the Company provided for ECLs to write down the value of the Ombuds loans to nil as no recovery of the loan is expected. Following the default event, and the loan being fully impaired no further interest is being recognised on the loan.

8. Investment Income

	Year Ended 28.2.2021 US$ '000	Year Ended 29.2.2020 US$ '000
Interest revenue calculated using the effective interest method	2,987	5,740
Other interest and similar income	19,173	27,524
	22,160	33,264

Income for the year ended 28 February 2021

	Dividends US$ '000	Preferred Dividends US$ '000	Loan note PIK US$ '000	Loan note Cash US$ '000	Other Income US$ '000	Total US$ '000
US micro-cap portfolio	379	18,783	70	279	-	19,511
European micro-cap portfolio	-	-	2,638	-	-	2,638
Treasury bills	-	-	-	-	11	11
	379	18,783	2,708	279	11	22,160

Income for the year ended 29 February 2020

	Dividends US$ '000	Preferred Dividends US$ '000	Loan note PIK US$ '000	Loan note Cash US$ '000	Other Income US$ '000	Total US$ '000
US micro-cap portfolio	560	26,131	218	1,023	-	27,932
European micro-cap portfolio	-	-	4,499	-	1,221	5,720
Real estate	-	-	-	-	(454)	(454)
Treasury bills	-	-	-	-	66	66
	560	26,131	4,717	1,023	833	33,264

9. Finance Costs

	Year Ended 28.2.2021 US$ '000	Year Ended 29.2.2020 US$ '000
Interest expense calculated using the effective interest method		
ZDP shares (Note 14)	3,441	3,211
Loan interest (Note 16)	11,797	14,293
	15,238	17,504
Other interest and similar expense		
CULS finance costs paid (Note 15)	2,953	2,956

	18,191	20,460

10.Expenses

	Year Ended 28.2.2021 US$ '000	Year Ended 29.2.2020 US$ '000
Investment Adviser's base fee	9,722	15,224
Investment Adviser's incentive fee	-	(35,880)
Directors' remuneration	319	421
	10,041	*(20,235)*
Administrative expenses:		
Legal fees	2,934	1,730
Other professional fees	565	666
Accounting, secretarial and administration fees	350	350
Auditors' remuneration	500	458
Auditors' remuneration - non-audit fees	134	65
Custodian fees	17	27
Other expenses	207	412
	4,707	*3,708*
Total expenses	14,748	(16,527)

Administration Fees
Northern Trust International Fund Administration Services (Guernsey) Limited was appointed as Administrator to the Company on 1 September 2012. The Administrator is entitled to an annual fee of $350,000 (29 February 2020: $350,000) payable quarterly in arrears. Fees payable to the Administrator are subject to an annual fee review.

Directors' Remuneration
For the year ended 28 February 2021 total Directors' fees included in the Statement of Comprehensive Income were $319,000 (year ended 29 February 2020: US$421,000), of this amount $46,000 was outstanding at the year end (29 February 2020: $58,000). The Directors' remuneration report in the annual report provides further details of the remuneration paid.

Investment Advisory and Performance fees
The Company entered into the amended and restated investment advisory and management agreement with Jordan/Zalaznick Advisers, Inc. (the "Investment Adviser") on 23 December 2010 (the "Advisory Agreement").

Pursuant to the Advisory Agreement, the Investment Adviser is entitled to a base management fee and to an incentive fee. The base management fee is an amount equal to 1.5 per cent. per annum of the average total assets under management of the Company less excluded assets as defined under the terms of the Advisory Agreement. The base management fee is payable quarterly in arrears; the agreement provides that payments in advance on account of the base management fee will be made.

For the year ended 28 February 2021, total investment advisory and management expenses, based on the average total assets of the Company, were included in the Statement of Comprehensive Income of $9,722,000 (year ended 29 February 2020: $15,224,000). Of this amount $573,000 (29 February 2020: $1,179,000) was due and payable at the year end.

The incentive fee has two parts. The first part is calculated by reference to the net investment income of the Company ("Income Incentive fee") and is payable provided that the net investment income for the quarter exceeds 2 per cent of the average of the net asset value of the Company for that quarter (the "hurdle") (8 per cent. annualised). For the years ended 28 February 2021 and 29 February 2020 there was no Income Incentive fee.

The second part of the incentive fee is calculated by reference to the net realised capital gains ("Capital Gains Incentive Fee", or "CGIF") of the Company and is equal to: (a) 20 per cent. of the realised capital gains of the Company for each financial year less all realised capital losses of the Company for the year less (b) the aggregate of all previous capital gains incentive fees paid by the Company to the Investment Adviser.

For the purpose of calculating incentive fees, assets of the EuroMicrocap Fund 2010, L.P. and JZI Fund III, L.P. are excluded from the calculation of the fee and cumulative preferred dividends received on the disposal of an investment are treated as a capital return rather than a receipt of income.

At 28 February 2021, a CGIF of $nil (29 February 2020: $2,307,000) based on net realised gains was payable to the Investment Adviser.

In December 2019, the Investment Adviser agreed to waive fees payable by the Company of $14.5 million relating to realised gains in the year ended 28 February 2019. Further fees payable for realised gains in the year ended 29 February 2020 of $10.1 million were also waived. No further incentive fees will be paid to the Investment Adviser until the Company and Investment Adviser have mutually agreed to reinstate such payments.

The Company also provided for a CGIF based on unrealised gains, calculated on the same basis as that of the fee on realised gains/losses. No provision was included at 28 February 2021 or 29 February 2020.

	Provision At	**Provision At**	**Paid In Year**	**Reversal of Expense**
	28.2.2021	**29.2.2020**	**28.2.2021**	**28.2.2021**
	US$ '000	**US$ '000**	**US$ '000**	**US$ '000**
Provision for CGIF on unrealised investments	-	-	-	-
CGIF on realised investments	-	(2,307)	2,307	-
	-	(2,307)	2,307	-

	Provision At	**Provision At**	**Paid In Year**	**Expense**
	29.2.2020	**28.2.2019**	**29.2.2020**	**29.2.2020**
	US$ '000	**US$ '000**	**US$ '000**	**US$ '000**
Provision for CGIF on unrealised investments	-	(21,342)	-	(21,342)
CGIF on realised investments	2,307	(21,429)	4,584	(14,538)
	2,307	(42,771)	4,584	(35,880)

The Advisory Agreement may be terminated by the Company or the Investment Adviser upon not less than two and one half years' (i.e. 913 days') prior notice (or such lesser period as may be agreed by the Company and Investment Adviser).

Custodian Fees
HSBC Bank (USA) N.A, (the "Custodian") was appointed on 12 May 2008 under a custodian agreement. The Custodian is entitled to receive an annual fee of $2,000 and a transaction fee of $50 per transaction. For the year ended 28 February 2021, total Custodian expenses of $17,000 (29 February 2020: $27,000) were included in the Statement of Comprehensive Income of which $10,000 (29 February 2020: $10,000) was outstanding at the year end and is included within Other Payables.

Auditors' Remuneration
During the year ended 28 February 2021, the Company incurred fees for audit services of $500,000 (29 February 2020: $458,000). Fees are also payable to Ernst & Young for non-audit services including taxation services in relation to the Company's status as a Passive Foreign Investment Company.

	28.2.2021	**29.2.2020**
Audit Fees	**US$ '000**	**US$ '000**
Audit fees - 2021 (based on estimate received: £275,000)	385	-
Audit fees - 2020: £425,000[1]	115	395
Audit fees - 2019: £257,750	-	63
Total audit fees	500	458

Non-audit Fees Paid to Ernst & Young	US$ '000	US$ '000
Interim Review - £50,000 (no review for the interim period ended 31 August 2019)	69	-
Taxation services	65	65
Total non-audit fees	134	65

[1] Includes additional audit fees of £60,000 which were agreed by the Audit Committee post 29 February 2020 year end.

11.Taxation
The Company has been granted Guernsey tax exempt status in accordance with The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 (as amended).

During the year, a withholding tax provision of $126,000 provided for in the prior year on receipt of a dividend from an unlisted investment was reversed. At 29 February 2020, a prior period provision of $1,004,000 relating to dividends received from a listed investment realised in 2012 was reversed. At 28 February 2021, the Company has provided for $398,000 (29 February 2020: $523,000 of potential withholding tax).

12. Investments

	Category of financial instruments			
	Listed	Unlisted	Unlisted	Carrying Value
	FVTPL	FVTPL	Loans	Total
	28.2.2021	28.2.2021	28.2.2021	28.2.2021
	US$ '000	US$ '000	US$ '000	US$ '000
Book cost at 1 March 2020	3,385	970,184	71,939	1,045,508
Investments in year including capital calls	6,787	58,931[1]	-	65,718
Payment in kind ("PIK")[2]	-	20,027	2,712	22,739
Proceeds from realisation and repayment of investments	(6,790)	(179,301)	-	(186,091)
Interest received on maturity	11	-	-	11
Net realised investment and foreign exchange gain	-	(326,101)	-	(326,101)
Book cost at 28 February 2021	3,393	543,740	74,651	621,784
Unrealised net investment and foreign exchange loss	-	(116,434)	(7,973)	(124,407)
Impairment on loans at amortised cost	-	-	(33,323)	(33,323)
Accrued interest	1	2,524	458	2,983
Carrying value at 28 February 2021	3,394	429,830	33,813	467,037

Comparative reconciliation for the year ended 29 February 2020

	Category of financial instruments			
	Listed	Unlisted	Unlisted	Carrying Value
	FVTPL	FVTPL	Loans	Total
	29.2.2020	29.2.2020	29.2.2020	29.2.2020
	US$ '000	US$ '000	US$ '000	US$ '000
Book cost at 1 March 2019	3,312	980,120	66,849	1,050,281
Investments in year including capital calls	6,706	77,810	-	84,516
Payment in kind ("PIK")[2]	-	26,205	5,090	31,295
Proceeds from realisation and repayment of investments	(6,700)	(140,296)	-	(146,996)
Interest received on maturity	67	-	-	67
Net realised investment and foreign exchange gain	-	26,345	-	26,345
Book cost at 29 February 2020	3,385	970,184	71,939	1,045,508
Unrealised net investment and foreign exchange loss	-	(316,149)	(11,077)	(327,226)
Impairment on loans at amortised cost	-	-	(30,261)	(30,261)
Accrued interest	1	3,779	371	4,151

Carrying value at 29 February 2020	3,386	657,814	30,972	692,172

[1] *Includes the notional cost of the Company's interest in JZHL Secondary Fund being $40.965 million which is calculated in accordance with IFRS, and represents the fair value of the Company's LP interest on recognition.*
[2] *The cost of PIK investments is deemed to be interest not received in cash but settled by the issue of further securities when that interest has been recognised in the Statement of Comprehensive Income.*

Loans at amortised cost
Loans to European micro-cap companies are classified and measured as Loans at amortised under IFRS 9.
Interest on the loans accrues at the following rates:

As At 28 February 2021					As At 29 February 2020			
	8%	**10%**	**14%**	**Total**	**8%**	**10%**	**14%**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Loans at amortised cost	**28,652**	**2,247**	**2,914**	**33,813**	25,289	1,616	4,067	30,972

Maturity dates are as follows:

As At 28 February 2021					As At 29 February 2020			
	0-6 months	**7-12 months**	**1-2 years**	**Total**	**0-6 months**	**7-12 months**	**1-2 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Loans at amortised cost	**-**	**-**	**33,813**	**33,813**	3,827	27,145	-	30,972

Post year end, the Company agreed to extend the maturity date of all loans to European micro-cap companies to 31 December 2022.

Investment in Associates
An associate is an entity over which the Company has significant influence. An entity is regarded as a subsidiary only if the Company has control over its strategic, operating and financial policies and intends to hold the investment on a long term basis for the purpose of securing a contribution to the Company's activities. The Company has elected for an exemption for 'equity accounting' for associates and instead classifies its associates as Investments at fair value through profit or loss.

Entity	**Place of incorporation**	**% Interest**	**28.2.2021 US$'000**	**29.2.2020 US$'000**
JZI Fund III GP, LP (has 18.75% partnership interest in JZI Fund III, LP)	Cayman	75%	80,689	68,887
JZHL Secondary Fund L.P.	Delaware	N/A	72,154	-
Orangewood Partners Platform LLC[1]	Delaware	79%	10,876	74,694
Spruceview Capital Partners, LLC	Delaware	49%	21,938	20,338
EuroMicrocap Fund 2010, L.P. ("EMC 2010")	Cayman	75%	3,279	2,732
Investments in associates at fair value			188,936	166,651

The principal activity of all the JZI Fund III, JZHL Secondary Fund, EuroMicrocap Fund 2010, L.P. and Orangewood Partners Platform LLC is the acquisition of micro-cap companies. The principal activity of Spruceview Capital Partners, LLC is that of an asset management company. There are no significant restrictions on the ability of associates to transfer funds to the Company in the form of dividends or repayment of loans or advances.

The Company's maximum exposure to losses from the associates (shown below) equates to the carrying value plus outstanding commitments:

Entity	**28.2.2021 US$'000**	**29.2.2020 US$'000**
JZI Fund III GP, L.P.	104,514	94,830
JZHL Secondary Fund L.P.	72,154	-

Orangewood Partners Platform LLC[1]	25,980	91,941
Spruceview Capital Partners, LLC	22,838	20,558
EuroMicrocap Fund 2010, L.P.	3,279	2,732
	228,765	210,061

[1]Invests in George Industries and Orangewood Partners II-A L.P. (29 February 2020: K2 Towers II, George Industries, Peaceable Street Capital, ABTB and Orangewood Partners II-A L.P.)

Investment in Subsidiaries
The principal place of business for subsidiaries is the USA. The Company meets the definition of an Investment Entity in accordance with IFRS 10. Therefore, it does not consolidate its subsidiaries but rather recognises them as investments at fair value through profit or loss.

Entity	Place of incorporation	% Interest	28.2.2021 US$'000	29.2.2020 US$'000
JZCP Realty, Ltd	Cayman	100%	23,376	158,712
JZBC, Inc. (Invests in Spruceview Capital Partners, LLC)	Delaware	99%	21,938	20,338
Investments in subsidiaries at fair value			45,314	179,050

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Company. The Company has no contractual commitments to provide any financial or other support to its unconsolidated subsidiaries.

JZCP Realty Ltd has a 100% interest in the following Delaware incorporated entities: JZCP Loan 1 Corp, JZCP Loan Fulton Corp, JZCP Loan Flatbush Corp, JZCP Loan Flatbush Portfolio Corp, JZCP Loan Design Corp and JZCP Loan Esperante Corp.

JZCP Realty Ltd has a 99% interest in the following Delaware incorporated entities: JZ REIT Fund 1, LLC, JZ REIT Fund Fulton, LLC, JZ REIT Fund Flatbush, LLC, JZ REIT Fund Flatbush Portfolio, LLC, JZ REIT Fund Design LLC and JZ REIT Fund Esperante LLC.

13. Other Receivables

	28.2.2021 US$ '000	29.2.2020 US$ '000
Prepayments	22	39
Other receivables	-	80
	22	119

14. Zero Dividend Preference ("ZDP") Shares
On 1 October 2015, the Company rolled over 11,907,720 existing ZDP (2016) shares in to new ZDP shares with a 2022 maturity date. The ZDP (2022) shares have a gross redemption yield of 4.75% and a total redemption value of £57,597,000 (approximately $80,527,000 using the exchange rate at year end).

ZDP shares are designed to provide a pre-determined final capital entitlement which ranks behind the Company's creditors but in priority to the capital entitlements of the Ordinary shares. The ZDP shares carry no entitlement to income and the whole of their return will therefore take the form of capital. In certain circumstances, ZDP shares carry the right to vote at general meetings of the Company as detailed in the Company's Memorandum of Articles and Incorporation. Issue costs are deducted from the cost of the liability and allocated to the Statement of Comprehensive Income over the life of the ZDP shares.

ZDP (2022) Shares	28.2.2021 US$ '000	29.2.2020 US$ '000
Amortised cost at 1 March	64,510	63,838
Finance costs allocated to Statement of Comprehensive Income	3,441	3,211
Unrealised currency loss/(gain) to the Company on translation during the year	6,352	(2,539)
Amortised cost at year end	74,303	64,510

Total number of ZDP (2022) shares in issue	11,907,720	11,907,720

15. Convertible Subordinated Unsecured Loan Stock ("CULS")

On 30 July 2014, JZCP issued £38,861,140 6% CULS. Holders of CULS may convert the whole or part (being an integral multiple of £10 in nominal amount) of their CULS into Ordinary Shares. The initial conversion price was £6.0373 per Ordinary Share, which shall be subject to adjustment to deal with certain events which would otherwise dilute the conversion of the CULS.

CULS bear interest on their nominal amount at the rate of 6.00% per annum, payable semi-annually in arrears. During the year ended 28 February 2021: $2,953,000 (29 February 2020: $2,956,000) of interest was paid to holders of CULS and is shown as a finance cost in the Statement of Comprehensive Income.

The CULS are valued at fair value being the listed offer price at the year end. Given the illiquid nature of the instruments, the Company considers the potential need to apply an adjustment to the listed offer price. No adjustment was applied at the year-end.

The Company has calculated the fair value movement due to the change in the credit risk of the entity by comparing the movement in the fair value of the CULS with the impact of the changes in the market interest rate. The amount calculated of $1,074,000 (29 February 2020: deemed immaterial) is presented in Other Comprehensive Income in the Statement of Comprehensive Income.

	28.2.2021 US$ '000	**29.2.2020 US$ '000**
Fair Value of CULS at 1 March	49,886	54,274
Unrealised movement in value of CULS due to change in Company's Credit Risk	*(1,074)*	-
Unrealised movement in fair value of CULS	(912)	(2,326)
Unrealised currency loss/(gain) to the Company on translation during the year	4,530	(2,062)
Loss/(gain) on financial liabilities at fair value through profit or loss	*3,618*	*(4,388)*
Fair Value of CULS based on offer price	52,430	49,886

16. Loan Payable

Senior Secured Debt Facility

On 12 June 2015, JZCP entered into a Senior Secured Debt Facility agreement with Guggenheim Partners Limited (the "original lenders". The original facility was structured as $80 million and €18 million and increased by a further $50 million in April 2017. The facility is due to mature on 12 June 2021 (6 year term).

On 23 October 2020, the Company announced that it has agreed with its senior lenders amended terms of the Senior Debt Facility. Under the terms of the Amended Senior Facility, $40 million of the outstanding principal amount was assigned from the original lenders to clients and funds advised by Cohanzick Management, LLC and CrossingBridge Advisors, LLC (the “replacement lenders”). The interest rate payable by the Company for the $40 million tranche purchased by the replacement lenders (the “Last-Out Loan”) was amended to LIBOR[1] + 11.00%, instead of LIBOR + 5.75% as is applicable to the original lenders. As part of this transaction, the Company secured more advantageous terms for itself, including the minimum asset coverage covenant being reset (from not less than 4.00:1.00 to a lower requirement of 3.50:1.00) and a relaxation of rating requirements, removal of certain concentration limits, updates to the use of proceeds requirements pertaining to asset sales to preserve liquidity, and reduced requirements related to its real estate collateral and reporting on investments.

Subsequent to entering into the amended agreement and following investment realisations the Company repaid a total of $82.9 million of the outstanding principal amount.

On 23 February 2021, the Company announced that Guggenheim Partners Europe Limited had sold its remaining interest in the Company’s senior debt facility (the “First-Out Loan”) to clients and funds advised and sub-advised by the Replacement Lenders. There were no further changes to the quantum or terms of the existing First-Out Loan as a result of this transaction.

The modified terms of the loan are not deemed to be substantially different from the original terms. Therefore as per IFRS-9, the senior debt facility is accounted for as a continuation of the original facility rather than an extinguishment of the original facility and the recognition of a new facility.

On 14 May 2021, the Company entered into an amendment agreement with its senior lenders to further amend the terms of its senior debt facility which will, among other things, extend the maturity date of the senior debt facility by one year until 12 June 2022. The interest rate charges under the amended agreement for the First Out Loans will be amended from a rate of LIBOR + 5.75 per cent. to a rate of LIBOR + 9.75 per cent. (with a 1 per cent. floor). The interest rate charges under the amended agreement for the Last Out Loans will be amended from a rate of LIBOR + 11 per cent. to a rate of LIBOR + 15 per cent. (with a 1 per cent. floor), of which 4 per cent. shall be charged as payment-in-kind interest.

At 28 February 2021, investments and cash valued at $504,883,000[2] (29 February 2020: $668,141,000) were held as collateral on the loan. A covenant on the loan states the fair value of the collateral must be 3.5.x the loan value. The Company is also required to hold a minimum cash balance of $15 million. At 28 February 2021, the Company was full compliance with covenant terms. Breaches of the original agreement were waived as part of the amended senior debt facility agreement.

	28.2.2021 US$ '000	29.2.2020 US$ '000
Amortised cost (Dollar drawdown) - 1 March	130,523	128,838
Amortised cost (Euro drawdown) - 1 March	19,839	20,389
Loan repayments	(82,912)	-
Finance costs charged to Statement of Comprehensive Income	11,797	14,293
Interest and finance costs paid	(12,331)	(12,436)
Unrealised currency gain on translation of Euro drawdown	1,778	(722)
Amortised cost at year end	68,694	150,362
Amortised cost (Dollar drawdown)	68,694	130,523
Amortised cost (Euro drawdown)	-	19,839
	68,694	150,362

The carrying value of the loans approximates to fair value.

[1]There is an interest rate floor that stipulates LIBOR will not be lower than 1%. In this agreement, the presence of the floor does not significantly alter the amortised cost of the instrument, therefore separation is not required and the loan is valued at amortised cost using the effective interest rate method. During the year the relevant 3 month LIBOR rates were below 1%. LIBOR regulators (including the UK Financial Conduct Authority and the US Commodity Futures Trading Commission) have announced a transition away from LIBOR, and are looking to implement alternative risk-free rates by the end of 2021.

[2]Investments held as collateral exclude the Company's investment in Spruceview Capital.

17. Other Payables

	28.2.2021 US$ '000	29.2.2020 US$ '000
Provision for tax on dividends received not withheld at source	398	523
Legal fee provision	250	250
Audit fees	363	190
Directors' remuneration	48	58
Other expenses	225	204
	1,284	1,225

18. Share Capital

Authorised Capital

Unlimited number of ordinary shares of no par value.

Ordinary shares - Issued Capital

	28.2.2021 Number of shares	29.2.2020 Number of shares
Total Ordinary shares in issue	77,474,175	77,474,175

During the year ended 28 February 2021, there were no Ordinary shares bought back by the Company. During the prior year ended 29 February 2020, the Company bought back 3,192,663 of its own Ordinary shares as part of a tender offer. The shares were purchased at a price of $9.39 (£7.67) per share being a 5% discount to the NAV at 31 July 2019, the total cost of the repurchase of the shares was $29.979 million. All shares repurchased were subsequently cancelled.

The Company's shares trade on the London Stock Exchange's Specialist Fund Segment.

The Ordinary shares carry a right to receive the profits of the Company available for distribution by dividend and resolved to be distributed by way of dividend to be made at such time as determined by the Directors.

In addition to receiving the income distributed, the Ordinary shares are entitled to the net assets of the Company on a winding up, after all liabilities have been settled and the entitlement of the ZDP shares have been met. In addition, holders of Ordinary shares will be entitled on a winding up to receive any accumulated but unpaid revenue reserves of the Company, subject to all creditors having been paid out in full but in priority to the entitlements of the ZDP shares. Any distribution of revenue reserves on a winding up is currently expected to be made by way of a final special dividend prior to the Company's eventual liquidation.

Holders of Ordinary shares have the rights to receive notice of, to attend and to vote at all general meetings of the Company.

Capital raised on issue of new shares and capital repaid on buy back of shares
Subsequent amounts raised by the issue of new shares (net of issue costs) and amounts paid to buy back Ordinary shares, are credited/debited to the share capital account.

Share Capital Account

	28.2.2021	**29.2.2020**
	US$ '000	US$ '000
At beginning of year	216,625	246,604
Buy back of Ordinary shares	-	(29,979)
At year end	216,625	216,625

19. Capital Management
The Company's capital is represented by the Ordinary shares, ZDP shares and CULS.

As a result of the ability to issue, repurchase and resell shares, the capital of the Company can vary. The Company is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of its shares.

The Company's objectives for managing capital are:
- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus;
- To achieve consistent returns while safeguarding capital by investing in a diversified portfolio;
- To maintain sufficient liquidity to meet the expenses of the Company; and
- To maintain sufficient size to make the operation of the Company cost-efficient.

The Company's current focus is on realising the maximum value of the Company’s investments and repaying debt. Once this has been achieved, and after the repayment of all debt, the Company intends to return capital to shareholders and will at this point keep under review opportunities to buy back Ordinary shares or ZDP shares. The Company will be seeking shareholder approval for the return of capital to shareholders, should the Company be in a position to do so.

The Company monitors capital by analysing the NAV per share over time and tracking the discount to the Company's share price.

20. Reserves
Capital raised on formation of Company
The Royal Court of Guernsey granted that on the admission of the Company's shares to the Official List and to trading on the London Stock Exchange's market, the amount credited to the share premium account of the Company immediately following the admission of such shares be cancelled and any surplus thereby created accrue to the Company's distributable reserves to be used for all purposes permitted by The Companies (Guernsey) Law, 2008, including the purchase of shares and the payment of dividends.

Summary of reserves attributable to Ordinary shareholders

	28.2.2021	**29.2.2020**

	US$ '000	US$ '000
Share capital account	216,625	216,625
Other reserve	354,602	353,528
Retained earnings	(241,668)	(94,419)
	329,559	475,734

Other reserve
The movement in Other Reserve during the year was the Gain on financial liabilities due to change in credit risk of $1,074,000 (29 February 2020: $nil).

Subject to satisfaction of the solvency test, all of the Company's capital and reserves are distributable in accordance with The Companies (Guernsey) Law, 2008.

Retained earnings
The Company's loss is now posted to one 'retained earnings' reserve. Previously, profit/loss was split between revenue and capital and reflected in separate reserve accounts. The comparative reserve accounts have been adjusted accordingly.

	28.2.2021 US$ '000	29.2.2020 US$ '000
At beginning of year	(94,419)	210,130
Loss for the year attributable to revenue	(147,249)	(304,549)
At year end	(241,668)	(94,419)

21. Financial Risk Management Objectives and Policies

Introduction
The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

Risk management structure and Risk mitigation
The Company's Investment Adviser is responsible for identifying and controlling risks. The Directors supervise the Investment Adviser and are ultimately responsible for the overall risk management approach within the Company. The Company's prospectus sets out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Company may use derivatives and other instruments for trading purposes and in connection with its risk management activities.

Market risk
Market risk is defined as "the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in variables such as equity price, interest rate and foreign currency rate".

The Company's investments are subject to normal market fluctuations and there can be no assurance that no depreciation in the value of those investments will occur. There can be no guarantee that any realisation of an investment will be on a basis which necessarily reflects the Company's valuation of that investment for the purposes of calculating the NAV of the Company.

Changes in industry conditions, competition, political and diplomatic events, tax, environmental and other laws and other factors, whether affecting the United States alone or other countries and regions more widely, can substantially and either adversely or favourably affect the value of the securities in which the Company invests and, therefore, the Company's performance and prospects.

The Company's market price risk is managed through diversification of the investment portfolio across various sectors. The Investment Adviser considers each investment purchase to ensure that an acquisition will enable the Company to continue to have an appropriate spread of market risk and that an appropriate risk/reward profile is maintained.

Equity price risk
Equity price risk is the risk of unfavourable changes in the fair values of equity investments as a result of changes in the value of individual shares. The equity price risk exposure arose from the Company's investments in equity securities.

The Company does not generally invest in liquid equity investments and the previous portfolio of listed equity investments resulted from the successful flotation of unlisted investments.

For unlisted equity and non-equity shares the market risk is deemed to be inherent in the appropriate valuation methodology (earnings, multiples, capitalisation rates etc). The impact on fair value and subsequent profit or loss, due to movements in these variables, is set out in Note 5.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. It has not been the Company's policy to use derivative instruments to mitigate interest rate risk, as the Investment Adviser believes that the effectiveness of such instruments does not justify the costs involved.

The table below summarises the Company's exposure to interest rate risks:

	Interest bearing		**Non interest**	
	Fixed rate 28.2.2021 US$ '000	**Floating rate 28.2.2021 US$ '000**	**bearing 28.2.2021 US$ '000**	**Total 28.2.2021 US$ '000**
Investments at FVTPL	174,433	-	258,791	433,224
Loans at amortised cost	33,813	-	-	33,813
Cash and cash equivalents	-	59,784	-	59,784
Other receivables and prepayments	-	-	22	22
Loans payable	-	(68,694)	-	(68,694)
ZDP shares (2022)	(74,303)	-	-	(74,303)
CULS	(52,430)	-	-	(52,430)
Other payables	-	-	(1,857)	(1,857)
	81,513	(8,910)	256,956	329,559

The table below summarises the Company's exposure to interest rate risks:

	Interest bearing		**Non interest**	
	Fixed rate 29.2.2020 US$ '000	**Floating rate 29.2.2020 US$ '000**	**bearing 29.2.2020 US$ '000**	**Total 29.2.2020 US$ '000**
Investments at FVTPL	218,757	-	442,443	661,200
Loans at amortised cost	30,972	-	-	30,972
Cash and cash equivalents	-	52,912	-	52,912
Other receivables and prepayments	-	-	119	119
Loans payable	-	(150,362)	-	(150,362)
ZDP shares (2022)	(64,510)	-	-	(64,510)
CULS	(49,886)	-	-	(49,886)
Other payables	-	-	(4,711)	(4,711)
	135,333	(97,450)	437,851	475,734

The following table analyses the Company's exposure in terms of the interest bearing assets and liabilities maturity dates. The Company's assets and liabilities are included at their carrying value.

As at 28 February 2021

	0-3 months	4-12 months	1 - <3 years	3 - <5 years	Past due	No maturity date	Total
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Investments at FVTPL	-	3,394	-	-	1,000	173,433	177,827

Loans at amortised cost	-	33,813	-	-	-	-	33,813
Cash and cash equivalents	-	-	-	-	-	59,784	59,784
Loans payable	-	(68,694)	-	-	-	-	(68,694)
ZDP shares (2022)	-	-	(74,303)	-	-	-	(74,303)
CULS	-	(52,430)	-	-	-	-	(52,430)
	-	(83,917)	(74,303)	-	1,000	233,217	75,997

As at 29 February 2020

	0-3 months	4-12 months	1 - <3 years	3 - <5 years	<5 years	No maturity date	Total
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Investments at FVTPL	3,386	5,000	4,138	-	-	206,233	218,757
Loans at amortised cost	-	30,972	-	-	-	-	30,972
Cash and cash equivalents	-	-	-	-	-	52,912	52,912
Loans payable	-	-	(150,362)	-	-	-	(150,362)
ZDP shares (2022)	-	-	(64,510)	-	-	-	(64,510)
CULS	-	-	(49,886)	-	-	-	(49,886)
	3,386	35,972	(260,620)	-	-	259,145	37,883

The income receivable by the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. However, whilst the income received from fixed rate securities is unaffected by changes in interest rates, the investments are subject to risk in the movement of fair value. The Investment Adviser considers the risk in the movement of fair value as a result of changes in the market interest rate for fixed rate securities to be insignificant, hence no sensitivity analysis is provided.

The Company values the CULS issued at fair value, being the quoted offer price. As the stock has a fixed interest rate of 6% an increase/decrease of prevailing interest rates will potentially have an effect on the demand for the CULS and the subsequent fair value. Other factors such as the Company's ordinary share price and credit rating will also determine the quoted offer price. The overall risk to the Company due to the impact of interest rate changes to the CULS' fair value is deemed immaterial. Therefore no sensitivity analysis is presented.

Of the cash and cash equivalents held, $59,784,000 (29 February 2020: $52,912,000) earns interest at variable rates and the income may rise and fall depending on changes to interest rates.

The Investment Adviser monitors the Company's overall interest sensitivity on a regular basis by reference to the current market rate and the level of the Company's cash balances. The Company has not used derivatives to mitigate the impact of changes in interest rates.

The table below demonstrates the sensitivity of the Company's profit/(loss) for the year to a reasonably possible change in interest rates. The Company has cash at bank and loans payable for which interest receivable and payable are sensitive to a fluctuation to rates. The below sensitivity analysis assumes year end balances and interest rates are constant through the year.

	Interest Receivable[1,3]		**Interest Payable[2,3]**	
Change in basis points increase/decrease	**28.2.2021 US$ '000**	**29.2.2020 US$ '000**	**28.2.2021 US$ '000**	**29.2.2020 US$ '000**
+100/-100	503/(252)	476/(429)	(137)/ nil	(1,153)/1,300
+300/-300	1,510/(252)	1,429/(429)	(1,511)/ nil	(1,153)/4,432

[1] Sensitivity applied to money market account balance and applying the year end rate of 0.5%
[2] Sensitivity applied to year end balances at relevant rates being $40 million at 12% and $28.7 million at 6.75%

[3] The reduction in interest receivable and interest payable is floored as the sensitivity applied reduces the interest rate to zero

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Changes in exchange rates are considered to impact the fair value of the Company's investments denominated in Euros and Sterling. However, under IFRS the foreign currency risk on these investments is deemed to be part of the market price risk associated with holding such non-monetary investments. As the information relating to the non-monetary investments is significant, the Company also provides the total exposure and sensitivity changes on non-monetary investments on a voluntary basis. The following tables set out the Company's exposure by currency to foreign currency.

Exposure to Monetary Assets/Liabilities (held in foreign currencies)

	Euro 28.2.2021 US$ '000	Sterling 28.2.2021 US$ '000	Total 28.2.2021 US$ '000	Euro 29.2.2020 US$ '000	Sterling 29.2.2020 US$ '000	Total 29.2.2020 US$ '000
Loans at Amortised Cost	33,813	-	33,813	30,972	-	30,972
Cash at Bank	406	44	450	352	27	379
Other Receivables	-	22	22	-	39	39
Liabilities						
CULS	-	(52,430)	(52,430)	-	(49,886)	(49,886)
ZDP (2022) shares	-	(74,303)	(74,303)	-	(64,510)	(64,510)
Loans payable	-	-	-	(19,839)	-	(19,839)
Other payables	-	(528)	(528)	-	(352)	(352)
Net Currency Exposure	34,219	(127,195)	(92,976)	11,485	(114,682)	(103,197)

The sensitivity analysis for monetary and non-monetary net assets calculates the effect of a reasonably possible movement of the currency rate against the US dollar on an increase or decrease in net assets attributable to shareholders with all other variables held constant. An equivalent decrease in each of the aforementioned currencies against the US dollar would have resulted in an equivalent but opposite impact.

		Effect on net assets attributable to shareholders (relates to monetary financial assets and liabilities)	
		28.2.2021	29.2.2020
Currency	**Change in Currency Rate**	**US$ '000**	**US$ '000**
Euro	+10%	3,422	1,149
GBP	+10%	(12,722)	(11,468)

Exposure to Non-Monetary Assets (held in foreign currencies)

	Euro 28.2.2021 US$ '000	Sterling 28.2.2021 US$ '000	Total 28.2.2021 US$ '000	Euro 29.2.2020 US$ '000	Sterling 29.2.2020 US$ '000	Total 29.2.2020 US$ '000
Financial assets at FVTPL	69,956	14,762	84,718	60,770	11,599	72,369
Net Currency Exposure	69,956	14,762	84,718	60,770	11,599	72,369

		Effect on net assets attributable to shareholders (relates to non-monetary financial assets)	
		28.2.2021	29.2.2020
Currency	**Change in Currency Rate**	**US$ '000**	**US$ '000**
Euro	+10%	6,996	6,077
GBP	+10%	1,476	1,160

Credit risk

The Company takes on exposures to credit risk, which is the risk that a counterparty to a financial instrument will cause a financial loss to the Company by failing to discharge an obligation. These credit exposures exist within debt instruments and cash & cash equivalents. They may arise, for example, from a decline in the financial condition of a counterparty or from entering into derivative contracts under which counterparties have obligations to make payments to the Company. As the Company's credit exposure increases, it could have an adverse effect on the Company's business and profitability if material unexpected credit losses were to occur. In the event of any default on the Company's loan investments by a counterparty, the Company will bear a risk of loss of principal and accrued interest of the investment, which could have a material adverse effect on the Company's income and ability to meet financial obligations.

In accordance with the Company's policy, the Investment Adviser regularly monitors the Company's exposure to credit risk in its investment portfolio, by reviewing the financial statements, budgets and forecasts of underlying investee companies. Agency credit ratings do not apply to the Company's investment in investee company debt. The 'credit quality' of the debt is deemed to be reflected in the fair value valuation of the investee company. The Company's investment in accumulated preferred stock is excluded from below analysis as the instruments are deemed to be more closely associated with the investment in the portfolio companies' equity than its debt.

The table below analyses the Company's maximum exposure to credit risk.

	Total 28.2.2021 US$ '000	**Total 29.2.2020 US$ '000**
US micro-cap debt	1,000	9,138
European micro-cap debt	33,813	30,972
US Treasury Bills	3,394	3,386
Cash and cash equivalents	59,784	52,912
	97,991	96,408

A proportion of micro-cap debt held does not entitle the Company to interest payment in cash. This interest is capitalised (PIK) and as a result there is a credit risk to the Company, as there is no return until the loan plus all the interest, is repaid in full.

The following table analyses the concentration of credit risk in the Company's debt portfolio by industrial distribution.

	28.2.2021 US$ '000	**29.2.2020 US$ '000**
Financial General	77%	58%
Document Processing	12%	10%
Telecom	8%	10%
House, Leisure & Personal Goods	3%	12%
Healthcare Services & Equipment	-	10%
	100%	100%

Loans at Amortised Cost and Expected Credit Losses ("ECL")

The Company's loans to European micro-cap companies are classified as loans at amortised cost. The credit risk in these investments is deemed to be reflected in the performance and valuation of the investee company. Using IFRS 9's "expected credit loss" model, the Company calculates the allowance for credit losses by considering the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes. The IFRS ECL model assumes all loans and receivables carries with it some risk of default, every such asset has an expected loss attached to it from the moment of its origination or acquisition. At the reporting date, the credit risk on the loans to Docout and Toro Finance are deemed low-risk and therefore the ECL are considered over the future 12 months or maturity if sooner. The credit risk on the loan to Xacom has significantly increased during the year and therefore expected credit losses are recognised over the life time of the loan. A provision was made in the prior year (July 2019), when Ombuds entered bankruptcy. The Company do not believe there will be proceeds from Ombuds, to pay any portion of JZCP's loan hence a provision has been made to bring the carrying value down to $nil.

ECL Provision

	Year ended 28 February 2021				Year ended 29 February 2020			
	Stage 1 US$ '000	Stage 2 US$ '000	Stage 3 US$ '000	Total US$ '000	Stage 1 US$ '000	Stage 2 US$ '000	Stage 3 US$ '000	Total US$ '000
ECL at 1 March	905	-	29,356	30,261	1,470	-	-	1,470
Provision during the year	815	2,247	-	3,062	1,187	14,106	14,025	29,318
Level Transfer	(749)	749	-	-	(1,668)	(14,106)	15,774	-
Foreign exchange movement	399	181	3,203	3,783	(84)	-	(443)	(527)
ECL at year end	1,370	3,177	32,559	37,106	905	-	29,356	30,261

Information on the three stages on which ECLs are recognised is provided within Note 7.

The table below analyses the Company's cash and cash equivalents by rating agency category.

Credit ratings

	Outlook	LT Issuer Default Rating	28.2.2021 $'000
HSBC Bank USA NA	S&P Stable (2020: Negative)	S&P A+ (2020: A+)	57,156
City National Bank	Moody's Stable	S&P A+	2,500
Raymond James Bank	S&P Stable (2020: Stable)	S&P BBB+ (2020: BBB+)	4
Northern Trust (Guernsey) Limited	S&P Stable (2020: Stable)	S&P AA- (2020: A-1+)	124
			59,784

Bankruptcy or insolvency of the Banks may cause the Company's rights with respect to these assets to be delayed or limited. The Investment Adviser monitors risk by reviewing the credit rating of the Bank. If credit quality deteriorates, the Investment Adviser may move the holdings to another bank.

Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. There has been no change during the year in the Company's processes and arrangements for managing liquidity.

The Company's investments are predominately private equity, real estate and other unlisted investments. By their nature, these investments will generally be of a long term and illiquid nature and there may be no readily available market for sale of these investments. None of the Company's assets/liabilities are subject to special arrangement due to their illiquid nature.

The Company has capital requirements to repay CULS and a debt facility in 2021 and ZDP shareholders in 2022. At the year end the Company has outstanding investment commitments of $31,897,000 (29 February 2020: $48,769,000) see Note 22.

The Company manages liquidity risk and the ability to meet its obligations by monitoring current and expected cash balances from forecasted investment activity.

The table below analyses JZCP's financial liabilities into relevant maturity groups based on the remaining period at the reporting date to the contractual maturity date. Amounts attributed to CULS and ZDP share include future contractual interest payments. Financial commitments are contractual outflows of cash and are included within the liquidity statement.

At 28 February 2021	Less than 1 year US$ '000	>1 year - 3 years US$ '000	>3 years - 5 years US$ '000	>5 years US$ '000	No stated maturity US$ '000
CULS	57,048	-	-	-	-
ZDP (2022) shares	-	80,527	-	-	-
Loans payable	70,639	-	-	-	-
Other payables	1,459	-	-	-	398
Financial commitments (see Note 22)	12,832	18,825	240	-	-
	141,978	99,352	240	-	398

At 29 February 2020	Less than 1 year US$ '000	>1 year - 3 years US$ '000	>3 years - 5 years US$ '000	>5 years US$ '000	No stated maturity US$ '000
CULS	2,978	54,594	-	-	-
ZDP (2022) shares	-	73,569	-	-	-
Loans payable	10,163	152,829	-	-	-
Other payables	4,711	-	-	-	523
Financial commitments (see Note 22)	12,049	34,441	2,279	-	-
	29,901	315,433	2,279	-	523

22. Commitments

At 28 February 2021 and 29 February 2020, JZCP had the following financial commitments outstanding in relation to fund investments:

	Expected date of Call	28.2.2021 US$ '000	29.2.2020 US$ '000
JZI Fund III GP, L.P. €19,628,404 (29.2.2020: €23,617,789)	over 3 years	23,825	25,943
Orangewood Partners II-A LP[1]	see footnote	6,932	17,247
Spruceview Capital Partners, LLC[2]	over 1 year	900	220
Igloo Products Corp	over 3 years	240	240
CERPI		-	3,080
Suzo Happ Group		-	2,039
		31,897	48,769

[1]During the year, the Company was relieved of outstanding commitments to the Orangewood Fund of $7.8 million following the sale of total commitments. Post year end, the Orangewood Fund held it final close resulting in a reallocation of unfunded commitments. At the date of this report, JZCP's unfunded commitment to $9.365 million. Subject to shareholder approval, JZCP intends to sell its remaining commitment to the Orangewood Fund in the near term.

[2]As approved by a shareholder vote on 12 August 2020, JZCP has the ability to make up to approximately $4.1 million in further commitments to Spruceview, above the $0.9 million unfunded commitments as at 28 February 2021.

23. Related Party Transactions

JZAI is a US based company founded by David Zalaznick and John ("Jay") Jordan II, that provides advisory services to the Company in exchange for management fees, paid quarterly. Fees paid by the Company to the Investment Adviser are detailed in Note 10. JZAI and various affiliates provide services to certain JZCP portfolio companies and may receive fees for providing these services pursuant to the Advisory Agreement.

JZCP invests in European micro-cap companies through JZI Fund III, L.P. (“Fund III”). Previously investments were made via the EuroMicrocap Fund 2010, L.P. ("EMC 2010"). Fund III and EMC 2010 are managed by an affiliate of JZAI. At 28 February 2021, JZCP's investment in Fund III was valued at $80.7 million (29 February 2020: $68.9 million). JZCP's investment in EMC 2010 was valued at $3.3 million (29 February 2020: $2.7 million).

JZCP has invested in Spruceview Capital Partners, LLC on a 50:50 basis with Jay Jordan and David Zalaznick (or their respective affiliates). The total amount committed by JZCP to this investment at 28 February 2021, was $33.5 million with

$0.9 million of this amount remaining unfunded and outstanding. As approved by a shareholder vote on 12 August 2020, JZCP has the ability to make up to approximately $4.1 million in further commitments to Spruceview, above the $33.5 million committed as of 28 February 2021. Should this approved capital be committed to Spruceview, it would be committed on the same 50:50 basis with Jay Jordan and David Zalaznick (or their respective affiliates).

During the year, the Company announced that it had agreed and received shareholder approval to sell its interests in certain US microcap portfolio companies (the "Secondary Sale") to a secondary fund led by Hamilton Lane Advisors, L.L.C. The Secondary Sale was structured as a sale and contribution to a newly formed fund, JZHL Secondary Fund LP, managed by an affiliate of JZAI.

JZCP has co-invested with Fund A, Fund A Parallel I, II and III Limited Partnerships in a number of US micro-cap buyouts. These Limited Partnerships are managed by an affiliate of JZAI. JZCP invested in a ratio of 82%/18% with the Fund A entities. At 28 February 2021, these co-investments, with Fund A, were in the following portfolio companies: Igloo, Industrial Services Solutions, New Vitality, Salter Labs, Sloan LED, Testing Services Holdings, Tierpoint and Vitalyst.

During the year, following shareholder approval, JZAI Founders Jay Jordan and David Zalaznick relieved the Company of its maximum potential commitment of $8.64 million to CERPI (the investment fund managed by Spruceview Capital Partners).

During the year, following shareholder approval, JZAI Founders Jay Jordan and David Zalaznick relieved the Company of $4.25 million of its commitments to the Orangewood Fund. Post year end, the Company announced that it had entered into an agreement with Jay Jordan and David Zalaznick which proposes they relieve the Company of all of its remaining commitments to the Orangewood Fund of $12.35 million (approximately $3 million of this commitment being “funded” and $9.35 million “unfunded”) The Company is seeking shareholder approval to agree this proposal.

Post year end, the Company entered into a note purchase agreement with David Zalaznick and Jay Jordan, pursuant to which they have agreed to purchase directly or through their affiliates, subordinated, second lien loan notes in the amount of $31.5 million, with an interest rate of 6 per cent. per annum and maturing on 11 September 2022 (the “Loan Notes”). The issuance of the Loan Notes is subject to a number of conditions, including shareholder approval, of both the Loan Note proposal and the Orangewood Fund proposal.

Total Directors' remuneration for the year ended 28 February 2021 was $319,000 (29 February 2020: $421,000).

24. Basic and Diluted Loss Per Share
Basic loss per share is calculated by dividing the loss for the year by the weighted average number of Ordinary shares outstanding during the year.

For the year ended 28 February 2021, the weighted average number of Ordinary shares outstanding during the year was 77,474,175 (Year ended 29 February 2020: 79,053,060).

The Company's diluted loss per share is calculated by considering adjustments required to the earnings and weighted average number of shares for the effects of potential dilutive Ordinary shares. The weighted average of the number of Ordinary shares is adjusted assuming the conversion of the CULS ("If-converted method"). The adjusted weighted average of the number of Ordinary shares for the year ended 28 February 2021 was 83,911,016 (29 February 2020: 85,489,901). Conversion is assumed even though at 28 February 2021 and 29 February 2020 the exercise price of the CULS is higher than the market price of the Company's Ordinary shares and are therefore deemed 'out of the money'. Earnings are adjusted to remove the fair value loss of $3,618,000 (29 February 2020: fair value gain of $4,388,000, unrealised movement in value due to credit risk being a gain of $1,074,000 (29 February 2020: nil) and finance costs attributable to CULS of $2,953,000 (29 February 2020: $2,956,000). For the year ended 28 February 2021 and 29 February 2020, the potential conversion of the CULS would have been anti-dilutive to the total loss per share, therefore the diluted loss per share is presented as per the basic loss per share calculation.

25. Controlling Party
The issued shares of the Company are owned by a number of parties, and therefore, in the opinion of the Directors, there is no ultimate controlling party of the Company, as defined by IAS 24 - Related Party Disclosures.

26. Net Asset Value Per Share
The net asset value per Ordinary share of $4.25 (29 February 2020: $6.14) is based on the net assets at the year end of $329,559,000 (29 February 2020: $475,734,000) and on 77,474,175 (29 February 2020: 77,474,175) Ordinary shares, being the number of Ordinary shares in issue at the year end.

27. Contingent Assets

Amounts held in escrow accounts

When investments have been disposed of by the Company, proceeds may reflect contractual terms requiring that a percentage is held in an escrow account pending resolution of any indemnifiable claims that may arise. At 28 February 2021 and 29 February 2020, the Company has assessed that the likelihood of the recovery of these escrow accounts cannot be determined and has therefore recognised the escrow accounts as a contingent asset.

As at 28 February 2021 and 29 February 2020, the Company had the following contingent assets held in escrow accounts which had not been recognised as assets of the Company:

Company	Amount in Escrow	
	28.2.2021	**29.2.2020**
	US$'000	**US$'000**
Triwater Holdings	309	644
Xpress Logistics (AKA Priority Express)	19	153
Bolder Healthcare Solutions	-	343
	328	1,140

During the year ended 28 February 2021 proceeds of $1,147,000 (29 February 2020: $5,559,000) were realised during the year and recorded in the Statement of Comprehensive Income.

	Year Ended 28.2.2021 US$'000	**Year Ended 29.2.2020 US$'000**
Escrows at beginning of year	1,140	9,261
Escrows added on realisation of investments	-	431
Potential escrows at prior year end no longer recorded	-	(2,993)
Escrow receipts during the year	(1,147)	(5,559)
Additional escrows recognised in year not reflected in opening position	335	-
Escrows at year end	328	1,140

28. Notes to the Statement of Cash Flows

Investment income and interest received during the year	**Year Ended 28.2.2021 US$ '000**	**Year Ended 29.2.2020 US$ '000**
Interest on investments	279	1,669
Dividends on unlisted investments	379	1,781
Bank interest	220	455
Treasury interest	11	-
	889	3,905

Purchases and sales of investments are considered to be operating activities of the Company, given its purpose, rather than investing activities. The cash flows arising from these activities are shown in the Statement of Cash Flows.

Changes in financing liabilities arising from both cash flow and non-cash flow items

			Non-cash changes			
	1.3.2020	**Cash flows**	**Fair Value**	**Finance Costs**	**Foreign Exchange**	**28.2.2021**
	US$ '000	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
Zero Dividend Preference (2022) shares	64,510	-	-	3,441	6,352	74,303
Convertible Unsecured Loan Stock	49,886	(2,953)	(1,986)	2,953	4,530	52,430
Loans payable	150,362	(95,243)	-	11,797	1,778	68,694

	264,758	(98,196)	(1,986)	18,191	12,660	195,427

	1.3.2019	Cash flows	Non-cash changes Fair Value	Finance Costs	Foreign Exchange	28.2.2020
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Zero Dividend Preference (2022) shares	63,838	-	-	3,211	(2,539)	64,510
Convertible Unsecured Loan Stock	54,274	(2,956)	(2,326)	2,956	(2,062)	49,886
Loans payable	149,227	(12,436)	-	14,293	(722)	150,362
	267,339	(15,392)	(2,326)	20,460	(5,323)	264,758

29. Dividends Paid and Proposed

No dividends were paid or proposed for the years ended 28 February 2021 and 29 February 2020.

30. IFRS to US GAAP Reconciliation

The Company's Financial Statements are prepared in accordance with IFRS, which in certain respects differ from US GAAP. These differences are not material and therefore no reconciliation between IFRS and US GAAP has been presented. For reference, please see below for a summary of the key judgments and estimates taken into account with regards to the Company as of 28 February 2021, as well as the Shareholders' financial highlights required under US GAAP.

Assessment as an Investment Entity

As stated in Note 2, the Company meets the definition of an investment entity under IFRS 10 and is therefore required to measure its subsidiaries at fair value through profit or loss rather ("FVTPL") than consolidate them. Per US GAAP (Financial Services - Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements or "ASC 946"), the Company meets the definition of an investment company, and as required by ASC 946, JZCP measures its investment in Subsidiaries at FVTPL.

Fair Value Measurement of Investments

The fair value of the underlying investments held by the Company are determined in accordance with US GAAP and IFRS based on valuation techniques and inputs that are observable in the market which market participants have access to and will use to determine the exit price or selling price of the investments.

Measurement of Liabilities

The Company's loan facility and ZDP shares are recorded at amortised cost using the effective interest rate method in accordance with US GAAP and IFRS. The CULS' fair value is deemed to be the listed offer price at the year end. CULS is translated at the exchange rate at the reporting date and both differences in fair value due to the listed offer price and exchange rates are recognised in the Statement of Comprehensive Income in accordance with US GAAP and IFRS.

The following table presents performance information derived from the Financial Statements.

	28.2.2021	29.2.2020
	US$	US$
Net asset value per share at the beginning of the year	6.14	10.04
Performance during the year (per share):		
Net investment income	0.29	0.42
Net realised and unrealised loss	(1.76)	(4.30)
Incentive fee	-	0.45
Operating expenses	(0.19)	(0.24)
Finance costs	(0.23)	(0.25)
Accretion from the buy back of Ordinary shares at a discount to NAV	-	0.02
Total return	(1.89)	(3.90)
Net asset value per share at the end of the year	4.25	6.14

Total Return	(30.78%)	(38.81%)
Net investment income to average net assets excluding incentive fee	5.72%	4.64%
Operating expenses to average net assets	(3.75%)	(2.71%)
Incentive fees to average net assets	-	4.97%
Operating expenses to average net assets including incentive fee	(3.75%)	2.26%
Finance costs to average net assets	(4.54%)	(2.76%)

31. Subsequent Events
These financial statements were approved by the Board on 18 May 2021. Subsequent events have been evaluated until this date.

Post year end, the Company has received realisations proceeds totalling approximately $14.4 million including the sale of George Industries of $9.5 million, $2.6 million following the reallocation of unfunded commitments in the Orangewood Fund and approximately $2.3 million in deferred gross proceeds from the Company's sale of Factor Energia to Fund III in November 2017.

Post year end, the Company entered into an amendment agreement with its replacement lenders to amend the terms of its senior debt facility which will, among other things, extend (subject to shareholder approval of the Loan Note proposal noted below) the maturity date of the senior debt facility by one year until 12 June 2022 and permit JZCP to repay its CULS when they become due on their maturity date of 30 July 2021, notwithstanding that the CULS are subordinated to the Senior Facility. The interest rate charges under the amended agreement for the First Out Loans (approx $28.7 million principal) will be amended from a rate of LIBOR + 5.75 per cent. to a rate of LIBOR + 9.75 per cent. (with a 1 per cent. floor). The interest rate charges under the amended agreement for the Last Out Loans ($40 million principal) will be amended from a rate of LIBOR + 11 per cent. to a rate of LIBOR + 15 per cent. (with a 1 per cent. floor), of which 4 per cent. shall be charged as payment-in-kind interest.

Post year end, the Company entered into a note purchase agreement with David W. Zalaznick and John (Jay) Jordan II, the founders and principals of the Company's investment adviser, Jordan/Zalaznick Advisers, Inc., pursuant to which they have agreed to purchase directly or through their affiliates, subordinated, second lien loan notes totalling $31.5 million, with an interest rate of 6 per cent. per annum and maturing on 11 September 2022.

Post year end, the board has understood that conditional agreement subject to closing has been reached in relation to the sale of one of its portfolio companies which would, if its conditions are satisfied, result in the Company receiving consideration of approximately $40 million and which reflects a premium to carrying asset value. The Company will of course make further announcements as required in relation to the status of the transaction.

Company Advisers

Investment Adviser
The Investment Adviser to JZ Capital Partners Limited ("JZCP") is Jordan/Zalaznick Advisers, Inc., ("JZAI") a company beneficially owned by John (Jay) W Jordan II and David W Zalaznick. The company offers investment advice to the Board of JZCP. JZAI has offices in New York and Chicago.

Jordan/Zalaznick Advisers, Inc.
9 West, 57th Street
New York NY 10019

Registered Office
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

JZ Capital Partners Limited is registered in Guernsey Number 48761

Administrator, Registrar and Secretary
Northern Trust International Fund Administration

Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

UK Transfer and Paying Agent
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

US Bankers
HSBC Bank USA NA
452 Fifth Avenue
New York NY 10018
(Also provides custodian services to JZ Capital Partners
Limited under the terms of a Custody Agreement).

Guernsey Bankers
Northern Trust (Guernsey) Limited
PO Box 71
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3DA

Independent Auditor
Ernst & Young LLP
PO Box 9
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey GY1 4AF

UK Solicitors
Ashurst LLP
London Fruit & Wool Exchange
1 Duval Square
London E1 6PW

US Lawyers
Monge Law Firm, PLLC
435 South Tryon Street
Charlotte, NC 28202

Mayer Brown LLP
214 North Tryon Street
Suite 3800
Charlotte NC 28202

Winston & Strawn LLP
35 West Wacker Drive
Chicago IL 60601-9703

Guernsey Lawyers
Mourant

Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey GY1 4HP

Financial Adviser and Broker
J.P. Morgan Cazenove Limited
20 Moorgate
London EC2R 6DA

Useful Information for Shareholders

Listing
JZCP Ordinary, Zero Dividend Preference ("ZDP") shares and Convertible Unsecured Loan Stock ("CULS") are listed on the Official List of the Financial Services Authority of the UK, and are admitted to trading on the London Stock Exchange Specialist Fund Segment for listed securities.

The price of the Ordinary shares are shown in the Financial Times under "Conventional Private Equity" and can also be found at https://markets.ft.com along with the prices of the ZDP shares and CULS.

ISIN/SEDOL numbers

	Ticker Symbol	ISIN Code	Sedol Number
Ordinary shares	JZCP	GG00B403HK58	B403HK5
ZDP (2022) shares	JZCZ	GG00BZ0RY036	BZ0RY03
CULS	JZCC	GG00BP46PR08	BP46PR0

Key Information Documents
JZCP produces Key Information Documents to assist investors' understanding of the Company's securities and to enable comparison with other investment products. These documents are found on the Company's website - www.jzcp.com/investor-relations/key-information-documents.

Alternative Performance Measures
In accordance with ESMA Guidelines on Alternative Performance Measures ("APMs") the Board has considered what APMs are included in the annual report and financial statements which require further clarification. An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs included in the Annual Report and Financial Statements, which are unaudited and outside the scope of IFRS, are deemed to be as follows:

Total NAV Return
The Total NAV Return measures how the net asset value ("NAV") per share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders. JZCP quotes NAV total return as a percentage change from the start of the period (one year) and also three-month, three-year, five-year and seven year periods. It assumes that dividends paid to shareholders are reinvested back into the Company therefore future NAV gains are not diminished by the paying of dividends. JZCP also produces an adjusted Total NAV Return which excludes the effect of the appreciation/dilution per share caused by the buy back/issue of shares at a discount to NAV, the result of the adjusted Total NAV return is to provide a measurement of how the Company's Investment portfolio contributed to NAV growth adjusted for the Company's expenses and finance costs. The Total NAV Return and the Adjusted NAV Return for the year ended 28 February 2021 was -30.8% (2020: -38.8%), which only reflects the change in NAV ($) as no dividends were paid during the year.

Total Shareholder Return (Ordinary shares)
A measure showing how the share price has performed over a period of time, taking into account both capital returns and dividends paid to shareholders. JZCP quotes shareholder price total return as a percentage change from the start of the period (one year) and also six-month, three-year, five-year and seven-year periods. It assumes that dividends paid to shareholders are reinvested in the shares at the time the shares are quoted ex dividend. The Shareholder Return for the year ended 28 February 2021 was -69.8%, which only reflects the change in share price (£) as no dividends were paid during the year. The Shareholder Return for the year ended 29 February 2020 was -40.7%.

NAV to market price discount
The NAV per share is the value of all the company’s assets, less any liabilities it has, divided by the number of shares.

However, because JZCP shares are traded on the London Stock Exchange's Specialist Fund Segment, the share price may be higher or lower than the NAV. The difference is known as a discount or premium. JZCP's discount is calculated by expressing the difference between the period end dollar equivalent share price and the period end NAV per share as a percentage of the NAV per share.

At 28 February 2021, JZCP's Ordinary shares traded at £0.78 (29 February 2020: £2.58) or $1.09 (29 February 2020: $3.30) being the dollar equivalent using the year end exchange rate of £1: $1.39 (29 February 2020 £1: $1.28). The shares traded at a 74.3% (29 February 2020: 46%) discount to the NAV per share of $4.25 (2020: $6.14).

Ongoing Charges calculation
A measure expressing the Ongoing annualised expenses as a percentage of the Company's average annualised net assets over the year 3.52% (2020: 2.71%). Ongoing charges, or annualised recurring operating expenses, are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the company, excluding the Investment Adviser's Incentive fee, financing charges and gains/losses arising on investments.

Ongoing expenses for the year are $13,747,000 (2020: $19,353,000) comprising of the IA base fee $9,722,000 (2020: $15,224,000), administrative fees $3,706,000 (2020: $3,708,000) and directors fees $319,000 (2020:$421,000). Average net assets for the year are calculated using quarterly NAVs $390,244,000 (2020: $713,333,000).

Criminal Facilitation of Tax Evasion
The Board has approved a policy of zero tolerance towards the criminal facilitation of tax evasion, in compliance with the Criminal Finances Act 2017.

Non-Mainstream Pooled Investments
From 1 January 2014, the FCA rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes came into effect. JZCP's Ordinary shares qualify as an ‘excluded security’ under these rules and will therefore be excluded from the FCA’s restrictions which apply to non-mainstream investment products. Therefore Ordinary shares issued by JZ Capital Partners can continue to be recommended by financial advisers as an investment for UK retail investors.

Internet Address
The Company: www.jzcp.com

Financial Diary

Annual General Meeting	6 July 2021
Interim report for the six months ended 31 August 2021	November 2021 (date to be confirmed)
Results for the year ended 28 February 2022	May 2022 (date to be confirmed)

JZCP, will aim to issue monthly NAV announcements within 21 day of the month end, these announcements will be posted on JZCP's website at the same time, or soon thereafter.

Payment of Dividends
In the event of a cash dividend being paid, the dividend will be sent by cheque to the first-named shareholder on the register of members at their registered address, together with a tax voucher. At shareholders' request, where they have elected to receive dividend proceeds in Sterling, the dividend may instead be paid direct into the shareholder's bank account through the Bankers' Automated Clearing System. Payments will be paid in US dollars unless the shareholder elects to receive the dividend in Sterling. Existing elections can be changed by contacting the Company's Transfer and Paying Agent, Equiniti Limited on +44 (0) 121 415 7047.

Share Dealing
Investors wishing to buy or sell shares in the Company may do so through a stockbroker. Most banks also offer this service.

Foreign Account Tax Compliance Act
The Company is registered (with a Global Intermediary Identification Number CAVBUD.999999.SL.831) under The Foreign Account Tax Compliance Act ("FATCA").

Share Register Enquiries
The Company's UK Transfer and Paying Agent, Equiniti Limited, maintains the share registers. In event of queries

regarding your holding, please contact the Registrar on 0871 384 2265, calls to this number cost 8p per minute from a BT landline, other providers' costs may vary. Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday, If calling from overseas +44 (0) 121 415 7047 or access their website at www.equiniti.com. Changes of name or address must be notified in writing to the Transfer and Paying Agent.

Nominee Share Code
Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at meetings when invited to do so by the Chairman.

Documents Available for Inspection
The following documents will be available at the registered office of the Company during usual business hours on any weekday until the date of the Annual General Meeting and at the place of the meeting for a period of fifteen minutes prior to and during the meeting:
(a) the Register of Directors' Interests in the stated capital of the Company;
(b) the Articles of Incorporation of the Company; and
(c) the terms of appointment of the Directors.

Warning to Shareholders – Boiler Room Scams
In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you are offered, for example, unsolicited investment advice, discounted JZCP shares or a premium price for the JZCP shares you own, you should take these steps before handing over any money:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the FCA before getting involved by visiting https://www.fca.org.uk/firms/financial-services-register
- Report the matter to the FCA by calling 0800 111 6768
- If the calls persist, hang up
- More detailed information on this can be found on the Money Advice Service website www.moneyadviceservice.org.uk

US Investors
General
The Company's Articles contain provisions allowing the Directors to decline to register a person as a holder of any class of ordinary shares or other securities of the Company or to require the transfer of those securities (including by way of a disposal effected by the Company itself) if they believe that the person:
(a) is a "US person" (as defined in Regulation S under the US Securities Act of 1933, as amended) and not a "qualified purchaser" (as defined in the US Investment Company Act of 1940, as amended, and the related rules thereunder);
(b) is a "Benefit Plan Investor" (as described under "Prohibition on Benefit Plan Investors and Restrictions on Non ERISA Plans" below); or
(c) is, or is related to, a citizen or resident of the United States, a US partnership, a US corporation or a certain type of estate or trust and that ownership of any class of ordinary shares or any other equity securities of the Company by the person would materially increase the risk that the Company could be or become a "controlled foreign corporation" (as described under "US Tax Matters").

In addition, the Directors may require any holder of any class of ordinary shares or other securities of the Company to show to their satisfaction whether or not the holder is a person described in paragraphs (A), (B) or (C) above.

US Securities Laws
The Company (a) is not subject to the reporting requirements of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), and does not intend to become subject to such reporting requirements and (b) is not registered as an investment company under the US Investment Company Act of 1940, as amended (the "1940 Act"), and investors in the Company are not entitled to the protections provided by the 1940 Act.

Prohibition on Benefit Plan Investors and Restrictions on Non-ERISA Plans
Investment in the Company by "Benefit Plan Investors" is prohibited so that the assets of the Company will not be deemed to constitute "plan assets" of a "Benefit Plan Investor". The term "Benefit Plan Investor" shall have the meaning contained in 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of the US Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and includes (a) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Part 4 of Title I of ERISA; (b) a "plan" described in Section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (the "Code"), that is subject to Section 4975 of the Code; and (c) an entity whose underlying assets include

"plan assets" by reason of an employee benefit plan's or a plan's investment in such entity. For purposes of the foregoing, a "Benefit Plan Investor" does not include a governmental plan (as defined in Section 3(32) of ERISA), a non-US plan (as defined in Section 4(b)(4) of ERISA) or a church plan (as defined in Section 3(33) of ERISA) that has not elected to be subject to ERISA.

Each purchaser and subsequent transferee of any class of ordinary shares (or any other class of equity interest in the Company) will be required to represent, warrant and covenant, or will be deemed to have represented, warranted and covenanted, that it is not, and is not acting on behalf of or with the assets of, a Benefit Plan Investor to acquire such ordinary shares (or any other class of equity interest in the Company).

Under the Articles, the directors have the power to require the sale or transfer of the Company's securities in order to avoid the assets of the Company being treated as "plan assets" for the purposes of ERISA.

The fiduciary provisions of laws applicable to governmental plans, non-US plans or other employee benefit plans or retirement arrangements that are not subject to ERISA (collectively, "Non-ERISA Plans") may impose limitations on investment in the Company. Fiduciaries of Non-ERISA Plans, in consultation with their advisers, should consider, to the extent applicable, the impact of such fiduciary rules and regulations on an investment in the Company.

Among other considerations, the fiduciary of a Non-ERISA Plan should take into account the composition of the Non-ERISA Plan's portfolio with respect to diversification; the cash flow needs of the Non-ERISA Plan and the effects thereon of the illiquidity of the investment; the economic terms of the Non- ERISA Plan's investment in the Company; the Non-ERISA Plan’s funding objectives; the tax effects of the investment and the tax and other risks associated with the investment; the fact that the investors in the Company are expected to consist of a diverse group of investors (including taxable, tax-exempt, domestic and foreign entities) and the fact that the management of the Company will not take the particular objectives of any investors or class of investors into account.

Non-ERISA Plan fiduciaries should also take into account the fact that, while the Company's board of directors and its investment adviser will have certain general fiduciary duties to the Company, the board and the investment adviser will not have any direct fiduciary relationship with or duty to any investor, either with respect to its investment in Shares or with respect to the management and investment of the assets of the Company. Similarly, it is intended that the assets of the Company will not be considered plan assets of any Non-ERISA Plan or be subject to any fiduciary or investment restrictions that may exist under laws specifically applicable to such Non-ERISA Plans. Each Non-ERISA Plan will be required to acknowledge and agree in connection with its investment in any securities to the foregoing status of the Company, the board and the investment adviser that there is no rule, regulation or requirement applicable to such investor that is inconsistent with the foregoing description of the Company, the board and the investment adviser.

Each purchaser or transferee that is a Non-ERISA Plan will be deemed to have represented, warranted and covenanted as follows:

(a) The Non-ERISA Plan is not a Benefit Plan Investor;

(b) The decision to commit assets of the Non-ERISA Plan for investment in the Company was made by fiduciaries independent of the Company, the Board, the Investment adviser and any of their respective agents, representatives or affiliates, which fiduciaries (i) are duly authorized to make such investment decision and have not relied on any advice or recommendations of the Company, the Board, the Investment adviser or any of their respective agents, representatives or affiliates and (ii) in consultation with their advisers, have carefully considered the impact of any applicable federal, state or local law on an investment in the Company;

(c) The Non-ERISA Plan’s investment in the Company will not result in a non-exempt violation of any applicable federal, state or local law;

(d) None of the Company, the Board, the Investment adviser or any of their respective agents, representatives or affiliates has exercised any discretionary authority or control with respect to the Non-ERISA Plan’s investment in the Company, nor has the Company, the Board, the Investment adviser or any of their respective agents, representatives or affiliates rendered individualized investment advice to the Non-ERISA Plan based upon the Non-ERISA Plan’s investment policies or strategies, overall portfolio composition or diversification with respect to its commitment to invest in the Company and the investment program thereunder; and

(e) It acknowledges and agrees that it is intended that the Company will not hold plan assets of the Non-ERISA Plan and that none of the Company, the Board, the Investment adviser or any of their respective agents, representatives or affiliates will be acting as a fiduciary to the Non-ERISA Plan under any applicable federal, state or local law governing the Non- ERISA Plan, with respect to either (i) the Non-ERISA Plan's purchase or retention of its investment in the Company or (ii) the management or operation of the business or assets of the Company. It also confirms that there is no rule, regulation, or requirement applicable to such purchaser or transferee that is inconsistent with the foregoing description of the Company, the Board and the Investment adviser.

US Tax Matters

This discussion does not constitute tax advice and is not intended to be a substitute for tax advice and planning. Prospective holders of the Company's securities must consult their own tax advisers concerning the US federal, state and local income tax and estate tax consequences in their particular situations of the acquisition, ownership and disposition of any of the Company's securities, as well as any consequences under the laws of any other taxing jurisdiction.

The Board may decline to register a person as, or to require such person to cease to be, a holder of any class of ordinary shares or other equity securities of the Company because of, among other reasons, certain US ownership and transfer restrictions that relate to "controlled foreign corporations" contained in the Articles of the Company. A Shareholder of the Company may be subject to forced sale provisions contained in the Articles in which case such shareholder could be forced to dispose of its securities if the Company's directors believe that such shareholder is, or is related to, a citizen or resident of the United States, a US partnership, a US corporation or a certain type of estate or trust and that ownership of any class of ordinary shares or any other equity securities of the Company by such shareholder would materially increase the risk that the Company could be or become a "controlled foreign corporation" within the meaning of the Code (a "CFC"). Shareholders of the Company may also be restricted by such provisions with respect to the persons to whom they are permitted to transfer their securities.

In general, a foreign corporation is treated as a CFC if, on any date of its taxable year, its "10% US Shareholders" collectively own (directly, indirectly or constructively within the meaning of Section 958 of the Code) more than 50% of the total combined voting power or total value of the corporation's stock. For this purpose, a "10% US Shareholder" means any US person who owns (directly, indirectly or constructively within the meaning of Section 958 of the Code) 10% or more of the total combined voting power of all classes of stock of a foreign corporation or 10% or more of the total value of shares of all classes of stock of a foreign corporation. The Tax Cuts and Jobs Act (the "Tax Act") eliminated the prohibition on "downward attribution" from non-US persons to US persons under Section 958(b)(4) of the Code for purposes of determining constructive stock ownership under the CFC rules. As a result, the Company's US subsidiary will be deemed to own all of the stock of the Company's non-US subsidiaries held by the Company for purposes of determining such foreign subsidiaries' CFC status. The legislative history under the Tax Act indicates that this change was not intended to cause the Company's non-US subsidiaries to be treated as CFCs with respect to a 10% US Shareholder that is not related to the Company's US subsidiary. However, the IRS has not yet issued any guidance confirming this intent and it is not clear whether the IRS or a court would interpret the change made by the Tax Act in a manner consistent with such indicated intent. The Company's treatment as a CFC as well as its foreign subsidiaries' treatment as CFCs could have adverse tax consequences for 10% US Shareholders.

The Company has been advised that it is NOT a passive foreign investment company ("PFIC") for the fiscal years ended February 2020 and 2019. An analysis for the financial year ended 29 February 2021 will be undertaken this year. A classification as a PFIC would likely have adverse tax consequences for US taxpayers.

The taxation of a US taxpayer's investment in the Company's securities is highly complex. Prospective holders of the Company's securities must consult their own tax advisers concerning the US federal, state and local income tax and estate tax consequences in their particular situations of the acquisition, ownership and disposition of any of the Company's securities, as well as any consequences under the laws of any other taxing jurisdiction.

Investment Adviser's ADV Form

Shareholders and state securities authorities wishing to view the Investment Adviser's ADV form can do so by following the link below:
https://adviserinfo.sec.gov/firm/summary/160932